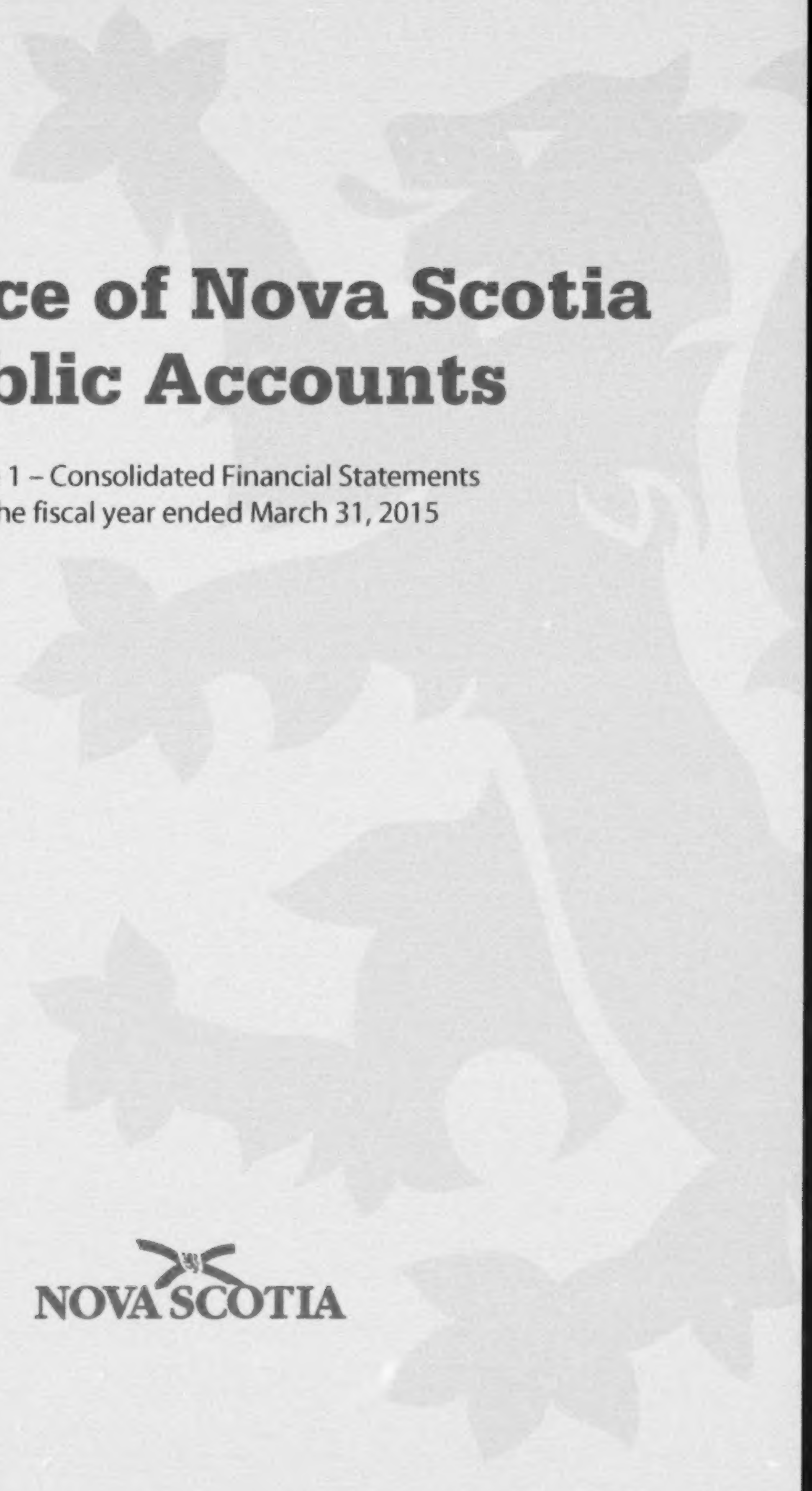

Province of Nova Scotia Public Accounts

Volume 1 – Consolidated Financial Statements for the fiscal year ended March 31, 2015

NOVA SCOTIA

Province of Nova Scotia Public Accounts

Volume 1 – Consolidated Financial Statements
for the fiscal year ended March 31, 2015

The Honourable Randy Delorey
Minister of Finance and Treasury Board

NOVA SCOTIA

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NOVA SCOTIA

Province of Nova Scotia Public Accounts

Volume 1 – Consolidated Financial Statements

for the fiscal year ended March 31, 2015

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Message from the Minister

The Province of Nova Scotia reported a deficit of $143.7 million in its Public Accounts for the year ended March 31, 2015. This deficit was $135.3 million lower than the budgeted deficit of $279.0 million and $533.2 million lower than the prior year's deficit.

Government made a concerted effort to keep expenses to estimate in 2014-15. Mid-year adjustments were made to keep controllable expenses, such as departmental spending, on track. The Public Accounts show these important efforts were successful. Progress has been made towards achieving our goal of a sustainable balanced budget.

Total consolidated revenues were $10.6 billion, an increase of $228.0 million from estimate primarily due to higher than expected revenues from income and sales taxes, external recoveries, interest income, and federal transfers.

Total expenses on a consolidated basis were $10.8 billion, an increase of $92.7 million from estimate mainly due to higher than expected snow clearing costs and the requirement to record additional liabilities for contaminated sites.

The Province's Net Debt as at March 31, 2015 was $15.0 billion. Nova Scotia's growth in real GDP was 1.6 per cent in the calendar year 2014 and an expected 1.4 per cent in the calendar year 2015. As a result, Net Debt-to-GDP for 2014-15 was 37.0 per cent, 0.7 percentage points lower than the prior year.

Detailed analysis of these results is contained within this document.

These consolidated financial statements are in accordance with generally accepted accounting principles for the public sector and have received an unqualified opinion from the Auditor General of Nova Scotia.

Honourable Randy Delorey
Minister of Finance and Treasury Board

NOVA SCOTIA

Financial Statement Discussion and Analysis

for the fiscal year ended March 31, 2015

Public Accounts

In accordance with the *Finance Act*, the Minister of Finance and Treasury Board for the Province of Nova Scotia (Province) produces the Public Accounts annually to report on the operating results and financial condition of the Province. Volume 1 of the Public Accounts includes general purpose financial statements meant to meet the needs of a variety of users. They are prepared on a consolidated basis, meaning that they include the financial information of the departments of government as well as crown corporations, boards, and other entities owned or controlled by the Province.

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector. For purposes of the Province's financial statements, this refers to the Public Sector Accounting Standards (PSAS) of the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada), supplemented where appropriate by other accounting standards of CPA Canada and the International Federation of Accountants.

The 2015 Public Accounts *Volume 1 – Consolidated Financial Statements* commences with the Financial Statement Discussion and Analysis (FSD&A) section. The FSD&A is a reporting practice recommended by PSAB, and responsibility for its preparation rests with management. This section presents comparative financial highlights of the consolidated financial statements including all the entities owned or controlled by the government, as well as selected financial highlights of the General Revenue Fund itself. The FSD&A also includes an overview of the provincial debt and the Nova Scotia economy. The government is responsible for the integrity, objectivity, and fair presentation of the information in the FSD&A. The Controller prepares the FSD&A in accordance with PSAB guidance on behalf of the Minister and the Deputy Minister of Finance and Treasury Board.

The General Revenue Fund is the level at which the annual estimates are prepared in detail for approval by the government. Therefore, the selected highlights of the General Revenue Fund include more detailed information and budget-to-actual analysis on revenues, expenses, tangible capital assets, additional appropriations, and debt servicing costs. The General Revenue Fund is comprised of all departments and public service units of the Nova Scotia provincial government, excluding other governmental units (GUs) and government business enterprises (GBEs) owned or controlled by the Province and government partnership arrangements (GPAs).

There are two additional publications in the Public Accounts suite of annual financial reports. *Volume 2 – Agencies and Funds* is a collection of the audited financial statements of various agencies, boards, commissions, other GUs, GBEs, GPAs, and special purpose funds. *Volume 3 – Supplementary Information* is produced in accordance with the *Finance Act* as a record of the payments made by the General Revenue Fund in the fiscal year for salaries, travel, grants, and other expenses.

Presentation of Estimates

The annual budget, referred to as the Estimates, represents the financial plan of the Province of Nova Scotia in a format that facilitates departmental management of the revenue and expense transactions of the General Revenue Fund, as well as the debate and appropriations process thereon in the House of Assembly.

In order to present comparative Estimates on the Consolidated Statement of Operations and Accumulated Deficits, as well as in the following pages of variance analyses, the original Estimates have been adjusted on a line-by-line basis for consolidation purposes. The table on the subsequent page illustrates how the Consolidation and Accounting Adjustments from the original Estimates are reallocated to gross up the related revenue and expense lines for presentation on the Consolidated Statement of Operations and Accumulated Deficits.

When consolidating the government controlled entities into these financial statements, the Province adjusts the entities' accounting policies to conform with its own so the amounts can be added together on a consistent basis. Also, significant inter-entity transactions are eliminated. For example, grant expense recorded in departmental expenses is eliminated with the corresponding grant revenue in the related entity. This transfer between the two related entities does not increase or decrease the assets of the Province on a consolidated basis. After eliminations, the remaining revenues and expenses represent transactions with external parties not controlled by the Province. Only transactions with these outside parties represent the increase and decrease in the Province's financial position.

Reconciliation of Estimates

Reconciliation to the Adjusted Estimates of the Consolidated Financial Statements
For the year ended March 31, 2015
($ thousands)

	Estimate 2015	Adjustments	Adjusted Estimate 2015
Revenue			
Provincial Sources			
Tax Revenue	5,124,405	—	5,124,405
Other Provincial Revenue	671,351	716,397	1,387,748
Net Income from Government Business Enterprises	340,391	—	340,391
Investment Income	175,502	11,795	187,297
	6,311,649	728,192	7,039,841
Federal Sources	3,254,487	112,911	3,367,398
Total Revenue	9,566,136	841,103	10,407,239
Expenses			
Departmental Expenses			
Agriculture	60,968	3,029	63,997
Communities, Culture and Heritage	61,256	2,659	63,915
Community Services	903,496	117,428	1,020,924
Economic and Rural Development and Tourism	141,607	47,051	188,658
Education and Early Childhood Development	1,220,027	305,693	1,525,720
Energy	32,085	1,698	33,783
Environment	26,484	46,791	73,275
Finance and Treasury Board	13,529	1,936	15,465
Fisheries and Aquaculture	9,622	300	9,922
Health and Wellness	4,104,920	160,993	4,265,913
Internal Services	115,022	(1,922)	113,100
Justice	322,476	1,299	323,775
Labour and Advanced Education	348,420	50,983	399,403
Assistance to Universities	372,941	—	372,941
Municipal Affairs	157,792	7,692	165,484
Natural Resources	89,242	5,033	94,275
Public Service	240,151	(18,088)	222,063
Seniors	1,862	—	1,862
Transportation and Infrastructure Renewal	402,489	(836)	401,653
Restructuring Costs	227,251	—	227,251
	8,851,640	731,739	9,583,379
Refundable Tax Credits	115,566	—	115,566
Pension Valuation Adjustment	90,505	—	90,505
Debt Servicing Costs	877,983	18,762	896,745
Total Expenses	9,935,694	750,501	10,686,195
	(369,558)	90,602	(278,956)
Consolidation and Accounting Adjustments			
General Revenue Fund Consolidation Adjustments	93,858	(93,858)	—
Special Purpose Funds	(720)	720	—
Other Organizations	(2,536)	2,536	—
Total Adjustments	90,602	(90,602)	—
Provincial Deficit	(278,956)	—	(278,956)

Economic Highlights

Prior to receiving results of actual tax revenues collected, the Province relies on economic forecasts and known relationships with historical administrative tax data to estimate tax revenues. Nominal Gross Domestic Product (GDP) is the broadest measure of the potential tax base, and subcomponents of nominal GDP provide indications of growth in specific tax bases, including household income, consumer expenditures, residential construction, and corporate profits.

The Province's economic outlook published as part of the 2015-16 Budget Assumptions used data and information up to February 12, 2015. The 2014-15 Public Accounts incorporates a revised economic outlook based on data up to June 3, 2015. Information revealed beyond this date may not be fully reflected in this forecast and will be incorporated in future economic outlooks.

Provincial Economic Outlook: 2014 and 2015

(Per cent change, except where noted)	2015-16 Budget Estimates		2014-15 Public Accounts	
	2014	2015	2014	2015
Real GDP ($ 2007 chained)	1.6%	1.7%	1.6%	1.4%
Nominal GDP	3.6%	2.7%	3.8%	2.4%
Compensation of Employees	3.0%	3.4%	2.3%	3.1%
Household Final Consumption	2.6%	3.4%	2.3%	2.9%
Retail Sales	2.2%	1.0%	[a] 2.3%	-0.5%
Consumer Price Index	[a] 1.7%	0.7%	[a] 1.7%	0.8%
Investment in Residential Structures	-11.1%	3.4%	-10.7%	3.4%
Net Operating Surplus: Corporations	16.6%	1.9%	17.4%	2.1%
Exports of Goods to Other Countries	21.7%	0.1%	21.7%	-0.4%
Population at July 1 (thousands)	[a] 942.7	943.7	[a] 942.7	943.7
Employment (thousands)	[a] 447.6	450.1	[a] 447.6	450.1
Unemployment Rate, Annual Average	[a] 9.0%	8.5%	[a] 9.0%	8.5%

[a] – *actual*

External Conditions

The global economy is growing at a moderate pace with most advanced economies expected to accelerate in 2015 while emerging-market economies gradually slow and, in a few cases, fall into recession. The Euro Area and Japan are continuing with extraordinary monetary policy measures and are expected to see stronger growth for 2015 and 2016 compared to the past few years. Financial and geopolitical risks are adding uncertainty to economic conditions in several countries but are not expected to be a major disruptor to global conditions. Oil prices are expected to move higher over medium-term, but short-term fluctuations are more likely to come from inventory levels or geopolitical events.

The US GDP declined 0.2 per cent (annualized) in the first quarter of 2015 because of weather issues and temporary shutdowns. US employment continues to expand and job openings are at a 15-year high; however, wage growth has been tepid. Stronger housing and consumer expenditure are expected with employment gains, low interest rates, smaller household debt, stronger US dollar, and lower energy prices all helping to lift demand. The US Federal Reserve has maintained the federal funds rate target at 0 to 0.25 per cent and is expected to take a gradual approach to increases as long as labour market conditions are showing an underutilization of resources and inflation remains soft.

Introduction

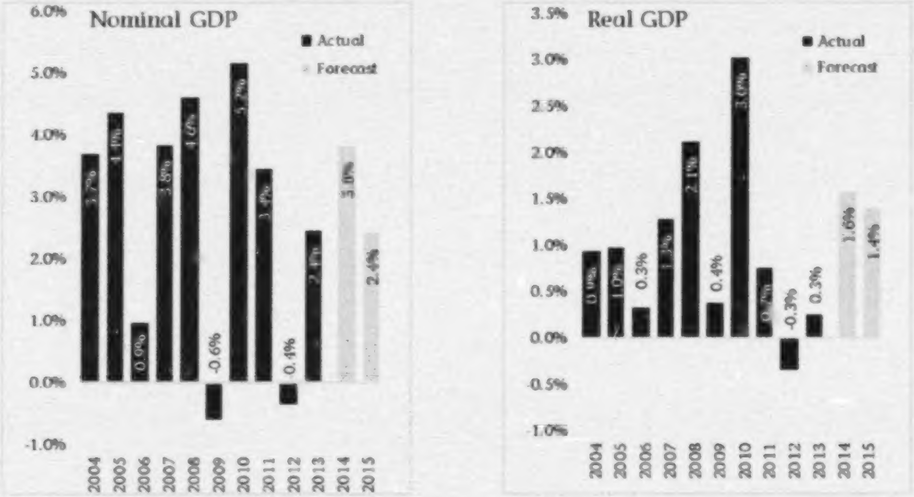
The Canadian economy grew 2.4 per cent in 2014 from continued strength in household consumption and a pickup in export activity. With the decline in oil prices, the drivers of economic growth will shift away from energy producing provinces. Canada's GDP declined 0.6 per cent (annualized) in the first quarter, the largest decline since 2009. For 2015, economic growth is expected to slow to 1.6 per cent with a depreciated Canadian dollar lifting non-energy exports but business investment and household incomes restrained from the fallout in resource-intensive provinces. The Bank of Canada lowered its overnight target rate to 0.75 per cent in January 2015 and financial conditions continue to be accommodative.

Nova Scotia Economic Performance and Outlook

Preliminary data for 2014 suggests that real GDP (at basic prices) grew at a pace of 1.6 per cent led by growth in the oil and gas sector as the first full-year of production occurred at Deep Panuke. Output increased in both forestry/logging and fishing industries in 2014. Contributions to growth also occurred from wholesale trade, finance/insurance, owner-occupied dwellings, and health care. Lower construction of residential and non-residential buildings offset some of the gains along with declines in defense services, utilities, informational/culture, and educational services.

For 2015, major project investments (shipbuilding, convention centre, Maritime Link), US growth, and lower exchange rate will support economic growth. However, falling natural gas production is expected to drag on growth. Other than project investments, domestic activity is forecast to moderate as demographic pressures and previous employment declines weigh on growth. For 2014, real GDP measured at market prices is expected to have grown by 1.6 per cent and nominal GDP growth by 3.8 per cent. In 2015, nominal GDP is expected to grow at 2.4 per cent while real GDP expands at a pace of 1.4 per cent.

Nova Scotia Economic Outlook
(Gross Domestic Product growth)

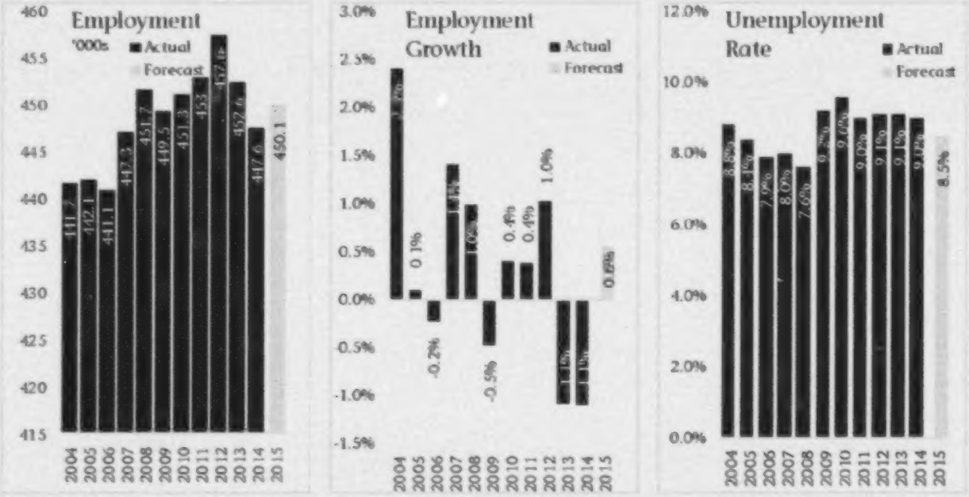


Source: Statistics Canada, CANSIM table 384-0038; Nova Scotia Department of Finance and Treasury Board projections

Nova Scotia Employment and Labour Force

Demographic pressures (out-migration and aging) and slow economic growth have eroded the size of the labour force and employment over the past two years. In 2014, employment declined by 1.1 per cent while the labour force shrank by 1.2 per cent, resulting in little change to the unemployment rate, 9.0 per cent, in 2014. For the first six months of 2015, employment and labour force numbers have been more stable relative to the first six months of 2014.

Labour Markets
(Employment, employment growth, unemployment rate)



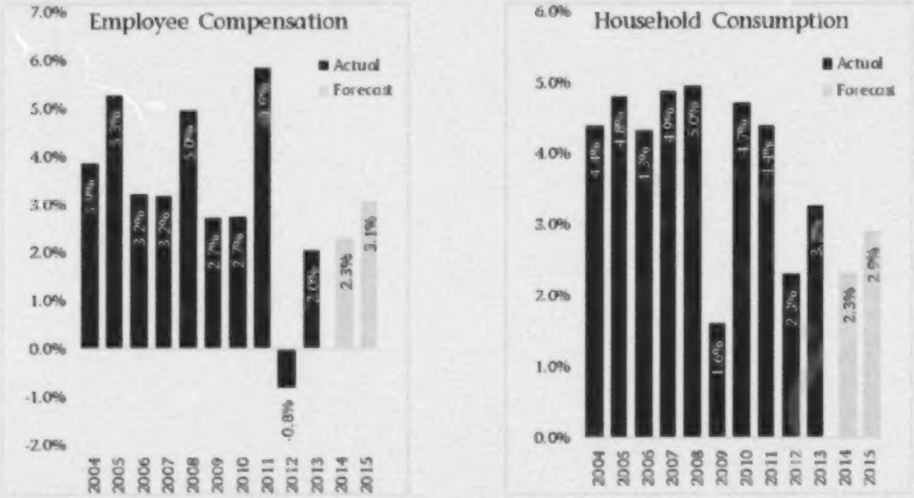
Source: Statistics Canada, CANSIM table 282-0002; Nova Scotia Department of Finance and Treasury Board projections

Nova Scotia Employee Compensation and Household Consumption

Employee compensation increased by 2.3 per cent in 2014 – slightly faster than the previous year. Declines in wages and salaries were limited to manufacturing, military, and federal public administration sectors. Compensation of employees increased 1.7 per cent in the first quarter of 2015 relative to last year and is expected to pick up through the year for growth of 3.1 per cent in 2015.

Consumer spending is the key driver of HST revenue. With household income and price growth below historical trends, nominal household consumption growth is estimated to have slowed in 2014. Retail sales, which are only a portion of consumption, grew by 2.3 per cent in 2014 on gains in motor vehicle sales, food, and general merchandise stores offsetting declines at building materials and electronics/appliance stores. Household consumption is estimated to grow by 2.3 per cent in 2014 and 2.9 per cent in 2015.

Compensation and Consumption
(Growth rate, nominal)

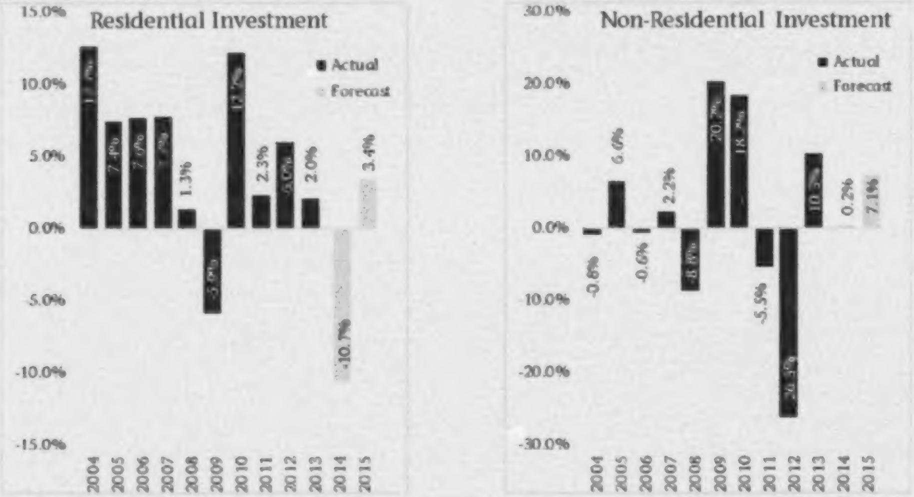


Source: Statistics Canada, CANSIM table 384-0037 and 384-0038; Nova Scotia Department of Finance and Treasury Board projections

Nova Scotia Construction Investments

After growing for four consecutive years, residential investment was down sharply in 2014 with lower investment in single dwellings as well as apartments. Residential investment is estimated to have declined 10.7 per cent in 2014, but will stabilize with growth of 3.4 per cent in 2015. Non-residential building construction fell 9.6 per cent in 2014 with declines in Halifax commercial investments as well as for institutional/government buildings. Work related to Halifax convention centre and other major projects should help to increase activity in the construction sector in 2015.

Investment
(Growth rate, nominal)



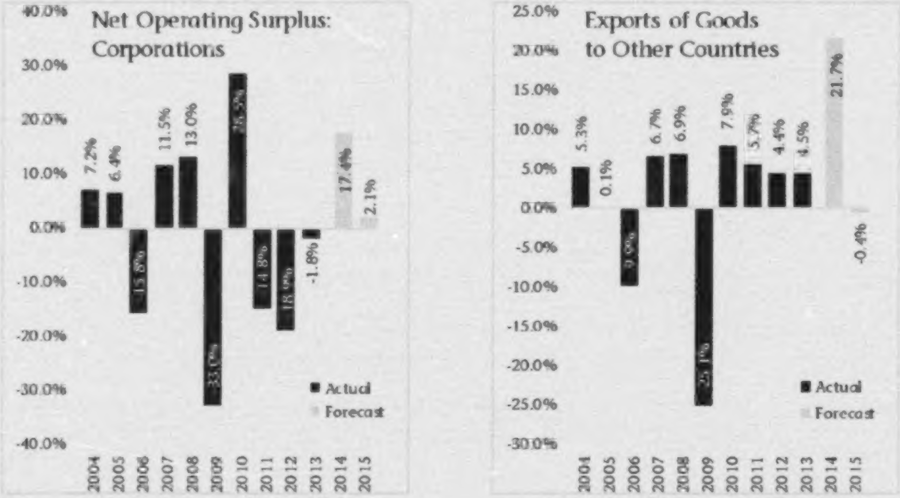
Source: Statistics Canada, CANSIM table 384-0038; Nova Scotia Department of Finance and Treasury Board projections

Nova Scotia Exports and Profits

Indicators of international goods exports show export activity had significant gains in 2014, increasing 25.1 per cent. Natural gas production from Deep Panuke lifted energy exports substantially, complementing a 12.1 per cent increase in non-energy categories. In 2015, reduced output from natural gas fields will offset gains in non-energy merchandise exports, which through May have increased shipments by 3.5 per cent to international markets.

As of 2013, net operating surplus of corporations had decreased in four of the last five years. Corporate profits growth is expected to reverse this trend in 2014 and 2015, but levels will continue to remain below pre-recession peaks.

Profits and Exports
(Growth rate, nominal)



Source: Statistics Canada, CANSIM table 384-0037 and 384-0038; Nova Scotia Department of Finance and Treasury Board projections

Risks and Adjustments

Although this summary of economic indicators for 2014 and 2015 forms the basis for the final revenues presented in the 2014-15 Public Accounts, they are still projections. Further economic and administrative data relating to 2014 and 2015 are expected in the future. New data may result in adjusted revenues in respect to the taxation years reported in this document. Such changes will be reflected in subsequent fiscal years as prior years' adjustments.

Nova Scotia Key Economic Indicators

	ACTUAL				FORECAST	
Calendar Year	**2010**	**2011***	**2012**	**2013**	**2014**	**2015**
Nominal GDP at Market Prices ($ millions)	37,073	38,349	38,214	39,145	40,640	41,620
% Change	*5.2%*	*3.4%*	*-0.4%*	*2.4%*	*3.8%*	*2.4%*
Real GDP at Market Prices (chained 2007 $ millions)	35,806	36,073	35,950	36,042	36,613	37,125
% Change	*3.0%*	*0.7%*	*-0.3%*	*0.3%*	*1.6%*	*1.4%*
Compensation of Employees ($ millions)	19,424	20,564	20,397	20,810	21,289	21,946
% Change	*2.7%*	*5.9%*	*-0.8%*	*2.0%*	*2.3%*	*3.1%*
Household Income ($ millions)	32,740	34,304	34,576	35,318	35,951	36,874
% Change	*2.8%*	*4.8%*	*0.8%*	*2.1%*	*1.8%*	*2.6%*
Household Final Consumption Expenditure ($ millions)	24,894	25,990	26,586	27,457	28,098	28,914
% Change	*4.7%*	*4.4%*	*2.3%*	*3.3%*	*2.3%*	*2.9%*
Retail Sales ($ millions)	12,651	13,098	13,223	13,605	13,915	13,845
% Change	*4.5%*	*3.5%*	*1.0%*	*2.9%*	*2.3%*	*-0.5%*
Consumer Price Index (all items, 2002 = 100)	118.2	122.7	125.1	126.6	128.8	129.8
% Change	*2.2%*	*3.8%*	*2.0%*	*1.2%*	*1.7%*	*0.8%*
Investment in Residential Structures ($ millions)	2,521	2,578	2,733	2,787	2,489	2,573
% Change	*12.2%*	*2.3%*	*6.0%*	*2.0%*	*-10.7%*	*3.4%*
Investment in Non-Residential Structures, Machinery, and Equipment ($ millions)	3,588	3,392	2,494	2,751	2,757	2,954
% Change	*18.2%*	*-5.5%*	*-26.5%*	*10.3%*	*0.2%*	*7.1%*
Net Operating Surplus: Corporations ($ millions)	3,307	2,817	2,284	2,243	2,633	2,687
% Change	*28.5%*	*-14.8%*	*-18.9%*	*-1.8%*	*17.4%*	*2.1%*
Exports of Goods and Services ($ millions)	14,661	15,560	15,894	16,068	17,849	18,285
% Change	*7.1%*	*6.1%*	*2.1%*	*1.1%*	*11.1%*	*2.4%*
Exports of Goods to Other Countries ($ millions)	5,462	5,771	6,026	6,300	7,664	7,631
% Change	*7.9%*	*5.7%*	*4.4%*	*4.5%*	*21.7%*	*-0.4%*
Imports of Goods and Services ($ millions)	23,327	25,260	25,135	25,919	26,862	27,685
% Change	*8.0%*	*8.3%*	*-0.5%*	*3.1%*	*3.6%*	*3.1%*
Population of all ages at July 1 (thousands)	942.1	944.5	944.8	942.9	942.7	943.7
% Change	*0.4%*	*0.3%*	—	*-0.2%*	—	*0.1%*
Population of ages 18-64 at July 1 (thousands)	618.1	618.9	615.3	609.7	606.1	604.0
% Change	*0.5%*	*0.1%*	*-0.6%*	*-0.9%*	*-0.6%*	*-0.3%*
Labour Force, Annual Average (thousands)	499.1	497.9	503.5	497.7	491.6	491.8
% Change	*0.8%*	*-0.2%*	*1.1%*	*-1.2%*	*-1.2%*	—
Participation Rate, Annual Average (per cent)	64.3%	63.9%	64.4%	63.7%	62.8%	62.8%
Change	*0.1%*	*-0.4%*	*0.5%*	*-0.7%*	*-0.9%*	—
Employment, Annual Average (thousands)	451.3	453.0	457.6	452.6	447.6	450.1
% Change	*0.4%*	*0.4%*	*1.0%*	*-1.1%*	*-1.1%*	*0.6%*
Employment Rate, Annual Average (per cent)	58.2%	58.1%	58.5%	57.9%	57.2%	57.4%
Change	*-0.1%*	*-0.1%*	*0.4%*	*-0.6%*	*-0.7%*	*0.2%*
Unemployment Rate, Annual Average (per cent)	9.6%	9.0%	9.1%	9.1%	9.0%	8.5%
Change	*0.4%*	*-0.6%*	*0.1%*	—	*-0.1%*	*-0.5%*

* *Results for 2011 include $536.0 million pension payment, directly affecting nominal GDP, compensation of employees, and household income.*

Unless otherwise indicated, the analysis included in the Economic Highlights section is based on the calendar year, not the fiscal year.

NOVA SCOTIA

FINANCIAL HIGHLIGHTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the fiscal year ended March 31, 2015

Financial Highlights

($ thousands)

	Adjusted Estimate 2015	Actual 2015	Actual 2014 *(as restated)*
Consolidated Statement of Operations			
For the fiscal year ended March 31			
Total Revenue	10,407,239	10,635,227	10,060,202
Total Expenses	10,686,195	10,778,920	10,737,053
Provincial Deficit	(278,956)	(143,693)	(676,851)
Consolidated Statement of Financial Position			
As at March 31			
Financial Assets		4,044,798	3,850,191
Liabilities		19,075,413	18,611,938
Net Debt		(15,030,615)	(14,761,747)
Non-Financial Assets		5,757,687	5,632,512
Accumulated Deficits		(9,272,928)	(9,129,235)

Provincial Deficit

The provincial deficit is the net financial result of the year's operations. For the fiscal year ending March 31, 2015, total revenue was $10.6 billion (2014 – $10.1 billion) and total expenses were $10.8 billion (2014 – $10.7 billion). The resulting provincial deficit was $143.7 million, which was $135.3 million lower than the budgeted deficit of $279.0 million and $533.2 million lower than the prior year's deficit. There was one accounting change made during the year related to Capital District Health Authority that resulted in a restatement of the prior year comparatives. Details are provided in Note 2 of the Consolidated Financial Statements on page 80 of this publication.

Net Debt

Net debt is the difference between the Province's total liabilities and its financial assets. Net debt represents the amount of liabilities to be funded from future revenues, including taxation. Net debt increased by $268.9 million to $15.0 billion as a result of the $143.7 million deficit, $122.7 million in net investments of tangible capital assets (acquisition costs less amortization expense and disposals for the year), and $2.5 million increase in other non-financial assets.

Accumulated Deficits

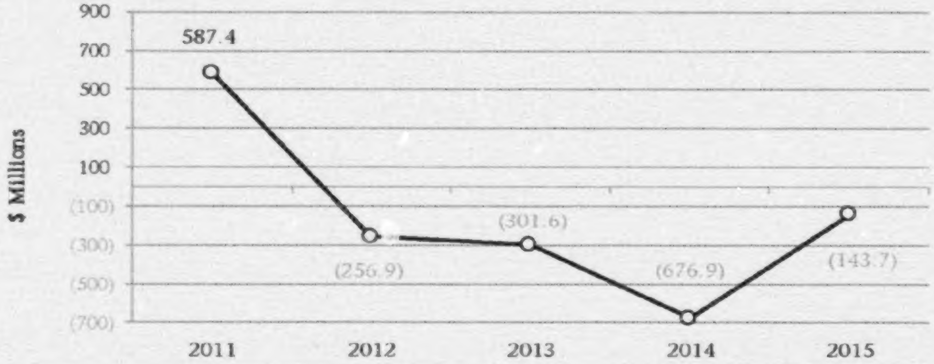
Accumulated deficits represent the difference between the Province's total liabilities and both financial and non-financial assets. Further, it is the sum of all surpluses and deficits incurred to date, calculated according to current accounting policies. The accumulated deficits increased to $9.3 billion at March 31, 2015 as a result of the deficit of $143.7 million. Under Canadian generally accepted accounting principles (GAAP) for the public sector, a year-end deficit increases accumulated deficits.

Provincial Deficit

The main purpose of the Consolidated Statement of Operations and Accumulated Deficits is to report the Province's revenues and expenses for the year ended March 31, 2015 and the comparative fiscal year.

The Province of Nova Scotia reported the following net results over the past five years:

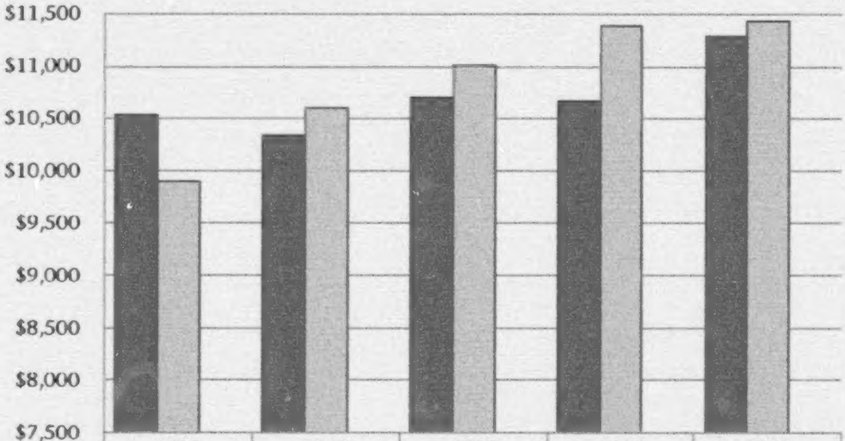
Provincial Surplus (Deficit) - 5 Year Trend



Revenues and Expenses per Capita

The provincial deficit decreased by $566 on a per capita basis, from $718 per capita in 2014 to $152 per capita in 2015. Per capita information for the past five years is shown in the table below.

Revenue & Expenses per Capita - 5 Year Trend



	2011	2012	2013	2014	2015
■ Revenue	$10,529	$10,334	$10,694	$10,669	$11,282
▨ Expenses	$9,905	$10,606	$11,014	$11,387	$11,434
☐ Surplus (Deficit)	$624	$(272)	$(320)	$(718)	$(152)

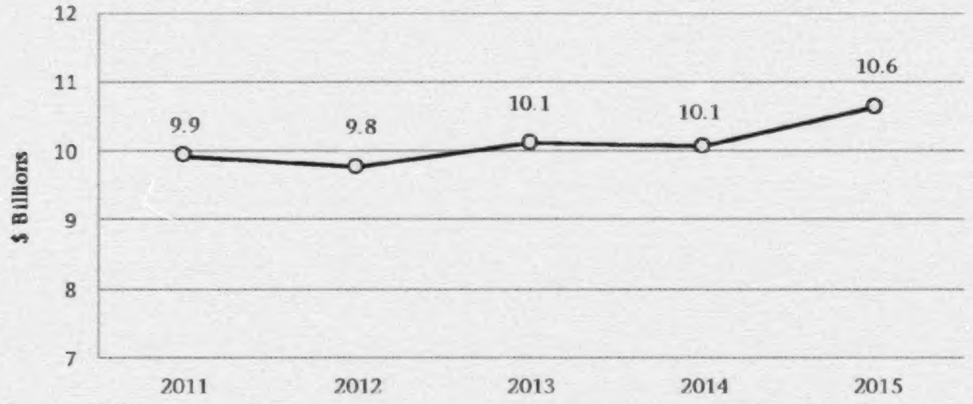
Revenue

On a consolidated basis, total revenue for the year was $228.0 million higher than estimate and $575.0 million higher than the prior year. Changes in revenue from taxes, petroleum royalties, and federal contributions were attributable to the General Revenue Fund. The remaining revenues were earned from a variety of sources by the General Revenue Fund and the Province's controlled entities. Additional details on General Revenue Fund revenue variances are provided in the analysis commencing on page 48 of this publication.

Revenue
($ thousands)

	Adjusted Estimate 2015	Actual 2015	Actual 2014	Actual vs Estimate	Actual vs Actual
Provincial Sources					
Tax Revenue					
Income Taxes	2,783,967	2,877,512	2,538,514	93,545	338,998
Sales Taxes	2,185,115	2,204,395	2,084,801	19,280	119,594
Other Tax Revenue	155,323	161,031	168,472	5,708	(7,441)
Other Provincial Revenue					
Petroleum Royalties	31,775	33,086	(124,819)	1,311	157,905
Recoveries	311,412	393,983	393,446	82,571	537
Miscellaneous	1,044,561	1,036,232	1,054,352	(8,329)	(18,120)
Net Income from GBEs	340,391	351,395	351,257	11,004	138
Investment Income					
Interest Revenue	81,100	93,778	90,654	12,678	3,124
Sinking Fund Earnings	106,197	103,892	111,470	(2,305)	(7,578)
	7,039,841	7,255,304	6,668,147	215,463	587,157
Federal Sources					
Equalization Payments	1,757,744	1,750,653	1,718,183	(7,091)	32,470
Other Federal Transfers	1,609,654	1,629,270	1,673,872	19,616	(44,602)
	3,367,398	3,379,923	3,392,055	12,525	(12,132)
Total Revenue	10,407,239	10,635,227	10,060,202	227,988	575,025

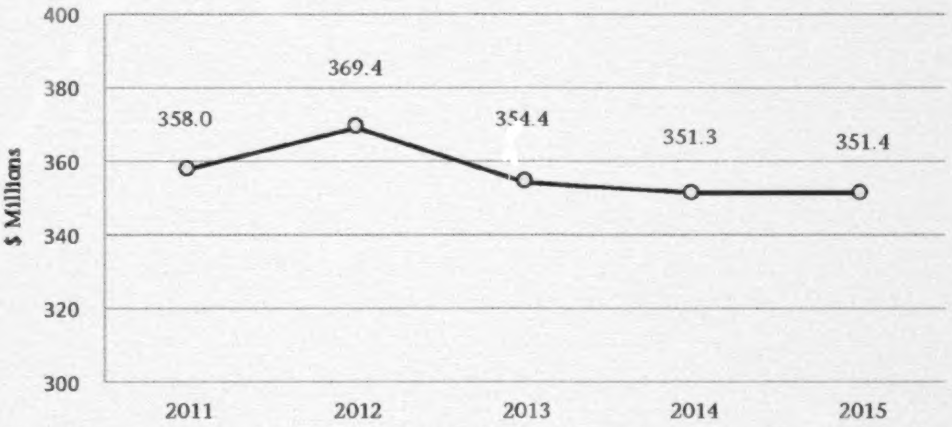
Total Revenue - 5 Year Trend



Net Income from Government Business Enterprises

Net income from government business enterprises (GBEs) increased by $0.1 million from the previous year to $351.4 million. Net income from GBEs has decreased by $18.0 million from a high of $369.4 million in 2012. One of the major contributing factors to the consistency in this revenue source has been the profits derived from the Nova Scotia Liquor Corporation and Nova Scotia Provincial Lotteries and Casino Corporation.

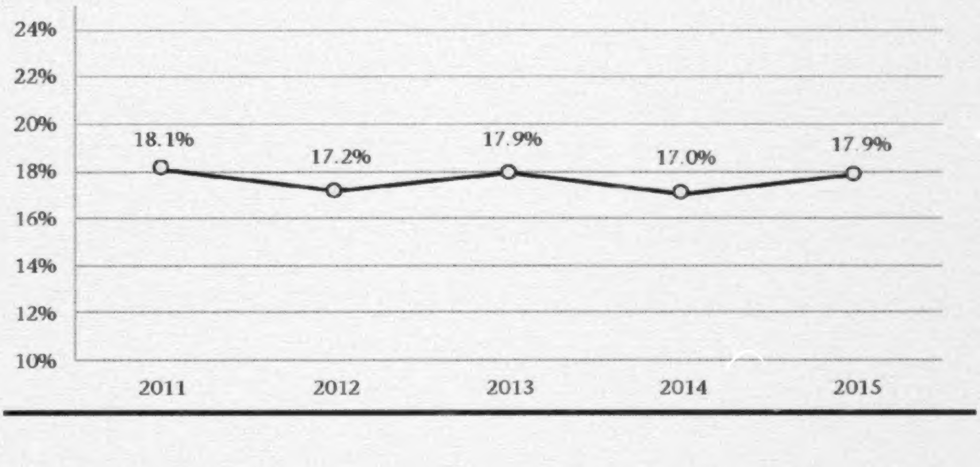
Net Income from GBEs - 5 Year Trend



Own Source Revenue to Gross Domestic Product

This ratio measures the extent to which the Province is deriving income from the provincial economy, either through taxation or user fees. Own source revenue as a percentage of nominal gross domestic product (GDP) has remained relatively stable over the last five years, from a low of 17.0 per cent in 2014 to a high of 18.1 per cent in 2011, meaning that the Province has not significantly changed its demands on the provincial economy during this time.

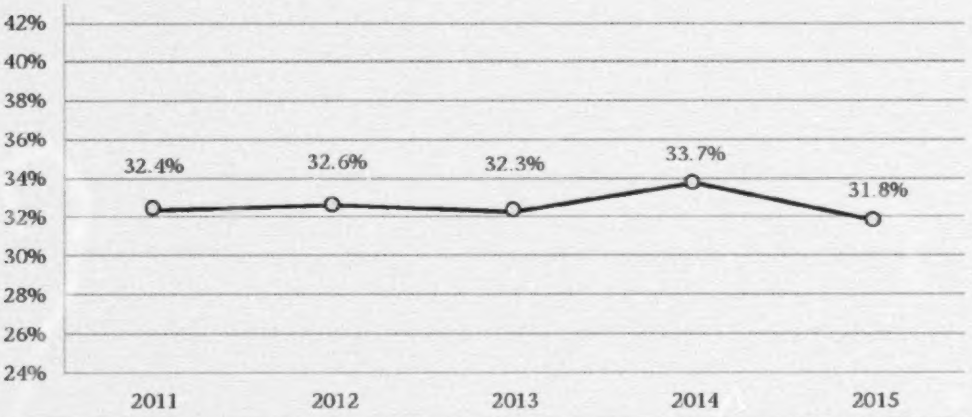
Own Source Revenue to GDP - 5 Year Trend



Federal Transfers to Total Revenue

This ratio measures the extent of funding from the federal government. These transfers are dependent on policy decisions at the federal level and are generally outside the control of the provincial government. Federal transfers as a percentage of total revenue decreased 1.9 percentage points from the previous year to 31.8 per cent. The percentage of federal transfers to total revenue remained relatively consistent for the Province over the past five years, ranging from a low of 31.8 per cent in 2015 to a high of 33.7 per cent in 2014.

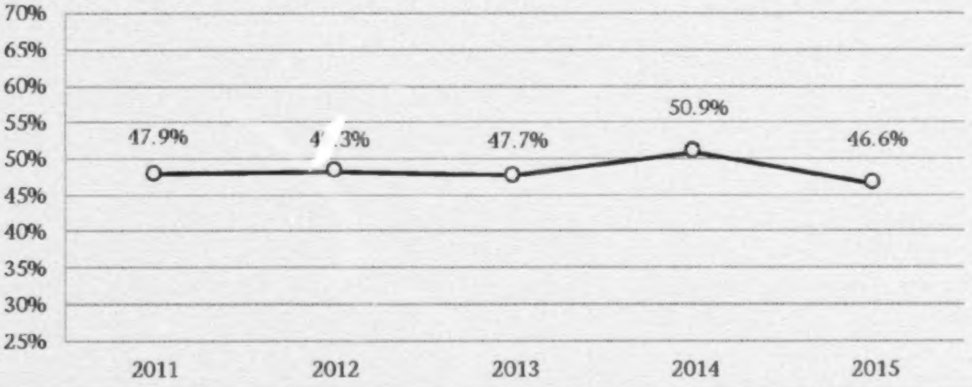
Federal Transfers to Total Revenue - 5 Year Trend



Federal Transfers to Own Source Revenue

This ratio measures the extent to which the Province raises its own revenue from within the province as compared to the amount it receives from the federal government. Federal transfers as a percentage of own source revenue decreased 4.3 percentage points from the previous year to 46.6 per cent. The percentage of federal transfers to own source revenue over the past five years ranged from a low of 46.6 per cent in 2015 to a high of 50.9 per cent in 2014.

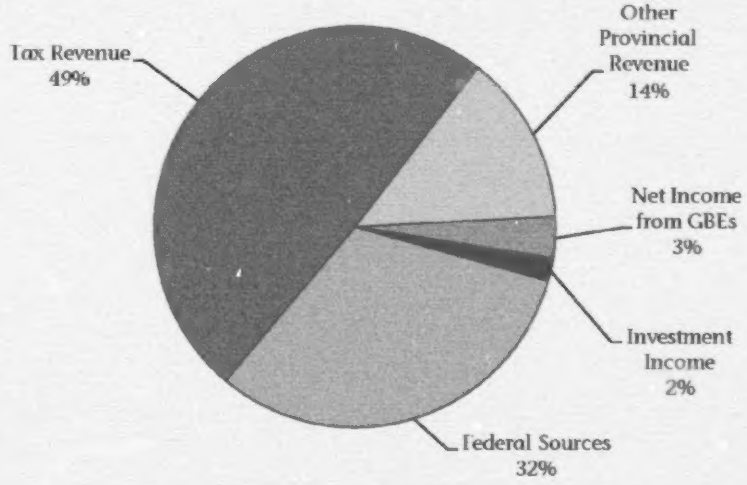
Federal Transfers to Own Source Revenue - 5 Year Trend



Revenue by Source

The Province's revenue by major sources remained consistent with the prior year. The related breakdown for 2015 was as follows:

Revenue by Source - 2015



Expenses

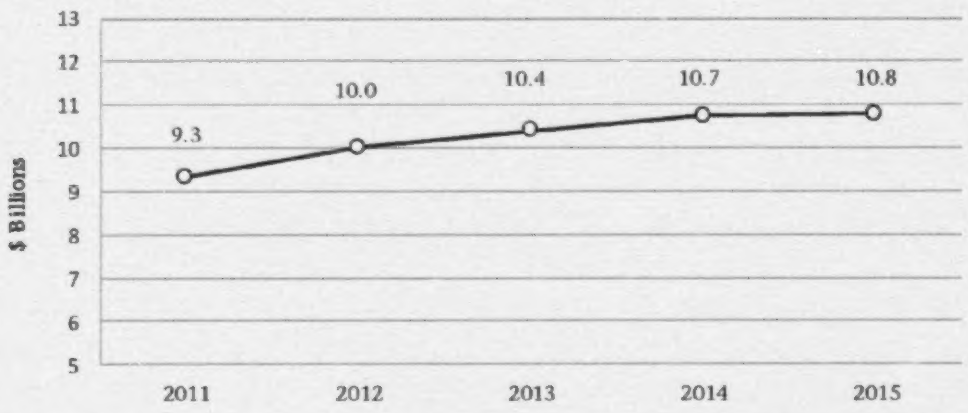
The nature of the Province's expenses remained consistent with the prior year. The health and education sectors made up 54.5 per cent of total expenses (2014 – 53.2 per cent). Total expenses were $92.7 million higher than estimate. Health and Wellness, Education and Early Childhood Development, and Community Services expenses were above estimate by a combined $111.7 million, and the remaining expenses were below estimate by a combined $19.0 million.

Total expenses were $41.9 million higher than the prior year primarily due to a net increase of $310.0 million in Departmental Expenses, $32.0 million in Refundable Tax Credits, and $9.7 million in Debt Servicing Costs. These increases were offset by a decrease of $309.8 million in Pension Valuation Adjustment.

Expenses
($ thousands)

	Adjusted Estimate 2015	Actual 2015	Actual 2014 *(as restated)*	Actual vs Estimate	Actual vs Actual
Health and Wellness	4,265,913	4,313,155	4,213,490	47,242	99,665
Education and Early Childhood Development	1,525,720	1,563,948	1,495,259	38,228	68,689
Community Services	1,020,924	1,047,153	1,004,269	26,229	42,884
Labour and Advanced Education and Universities	772,344	770,044	753,015	(2,300)	17,029
Transportation and Infrastructure Renewal	401,653	421,332	393,348	19,679	27,984
Justice	323,775	322,730	302,677	(1,045)	20,053
Pension Valuation Adjustment	90,505	78,370	388,160	(12,135)	(309,790)
Debt Servicing Costs	896,745	895,862	886,195	(883)	9,667
Other Expenses	1,388,616	1,366,326	1,300,640	(22,290)	65,686
Total Expenses	10,686,195	10,778,920	10,737,053	92,725	41,867

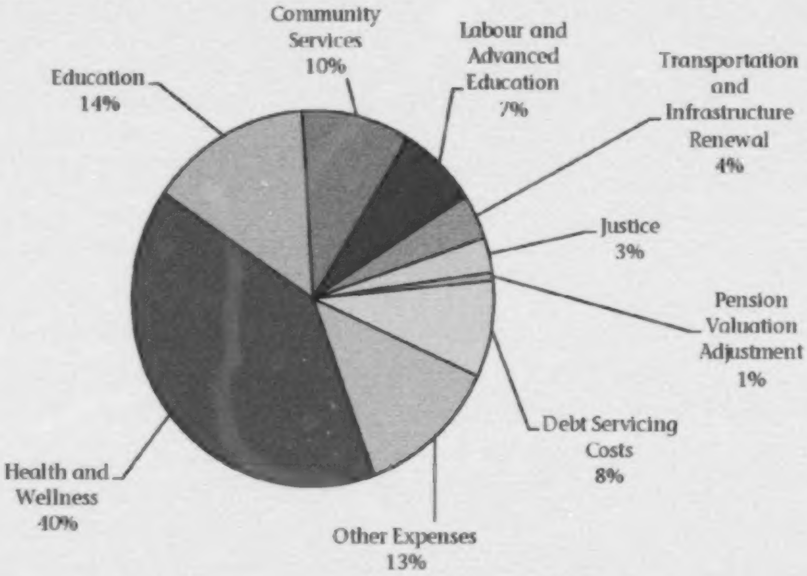
Total Expenses - 5 Year Trend



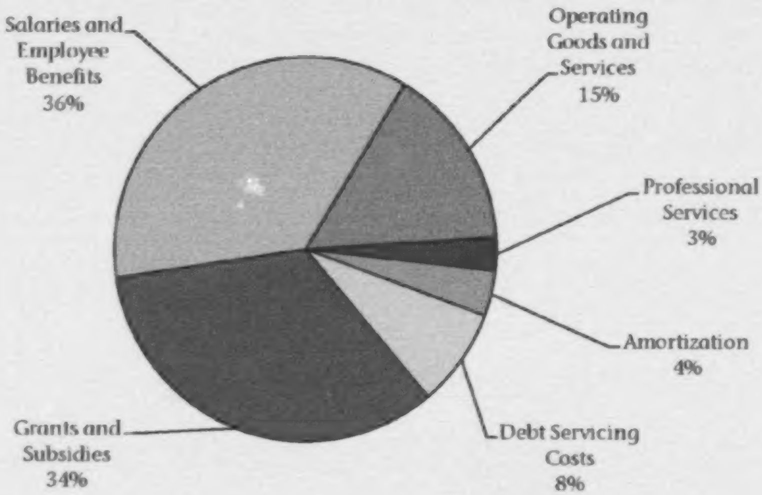
Expenses by Function and by Object

The Province's expenses by major activities and by object remained consistent compared to the prior year. The related breakdowns for 2015 were as follows:

Expenses By Function - 2015



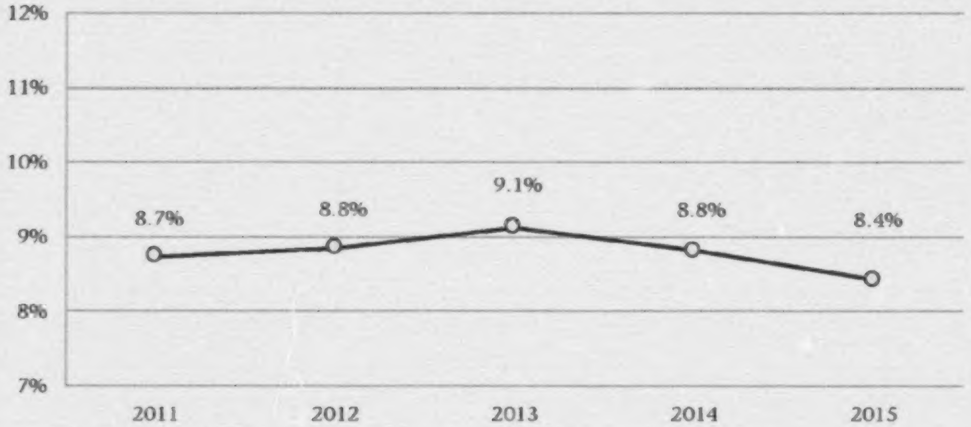
Expenses By Object - 2015



Debt Servicing Costs to Total Revenue

Debt servicing costs as a percentage of total revenue shows the proportion of every dollar of revenue that is needed to pay interest and thus is not available to pay for program initiatives. A lower ratio means that the Province uses less revenues to meet the interest cost on past borrowings, which provides greater flexibility in meeting financial and service commitments in the current year. The percentage of debt servicing costs to total revenue decreased 0.4 percentage points from the previous year to 8.4 per cent. Over the past five years, the ratio ranged from a low of 8.4 per cent in 2015 to a high of 9.1 per cent in 2013.

Debt Servicing Costs to Total Revenue - 5 Year Trend



Net Debt

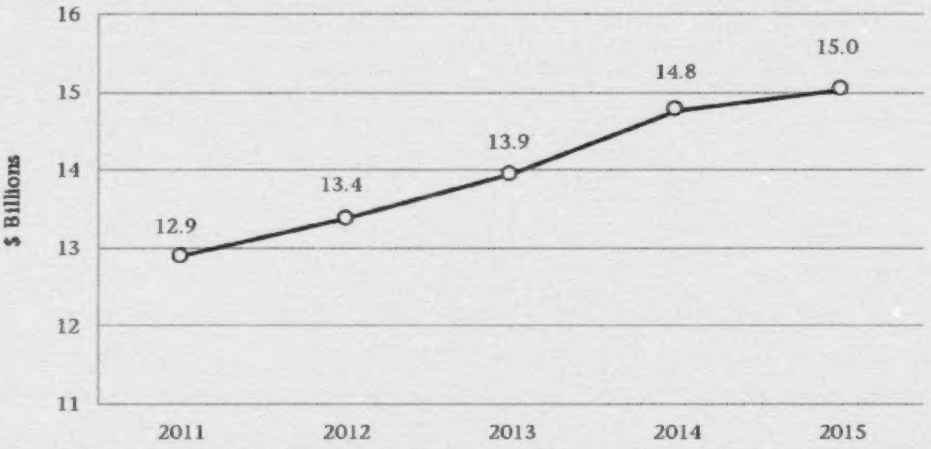
The Consolidated Statement of Financial Position reports the balances of financial assets, liabilities, and non-financial assets. The balance of net debt is a key measure of the Province's financial position, and accumulated deficits is a secondary measure.

Net debt is the amount that current and past generations have accumulated through the incurrence of annual deficits and net investments in non-financial assets. Net debt represents the liabilities needed to be funded from future revenues, including taxation. These amounts remain an obligation for future generations to fund through annual surpluses or to continue to carry as debt. Net debt results when a government's total liabilities exceed its total financial assets.

Net debt was $15.0 billion at March 31, 2015, $268.9 million higher than the prior year due to the $143.7 million deficit and $122.7 million net investment in tangible capital assets. Other small changes to the balance of net debt were due to increases of $1.1 million in supplies inventory and $1.4 million in prepaid expenses.

The Province of Nova Scotia reported net debt in the past five years as follows:

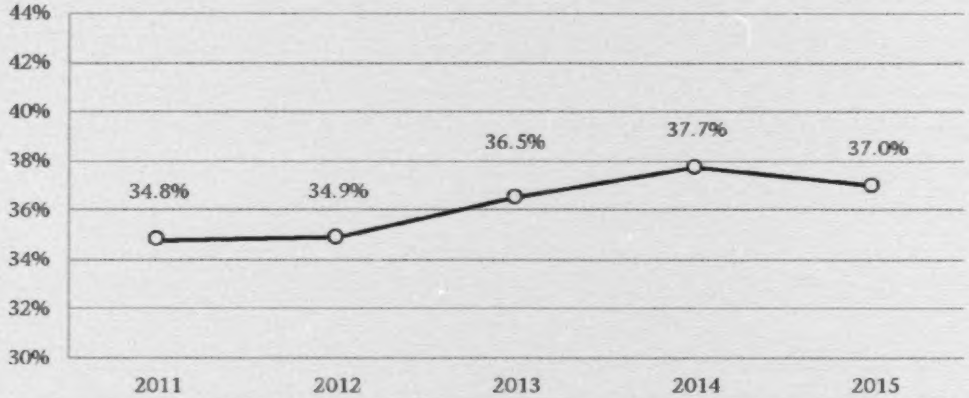
Net Debt - 5 Year Trend



Net Debt to Gross Domestic Product

Net debt as a percentage of the provincial GDP provides a measure of the level of financial demands placed on the economy by the Province's spending and taxation policies. A higher ratio means the net debt of the Province is more onerous on future generations. This ratio decreased 0.7 percentage points to 37.0 per cent in 2015. Over the past five years, this ratio ranged from a low of 34.8 per cent in 2011 to a high of 37.7 per cent in 2014.

Net Debt to GDP - 5 Year Trend

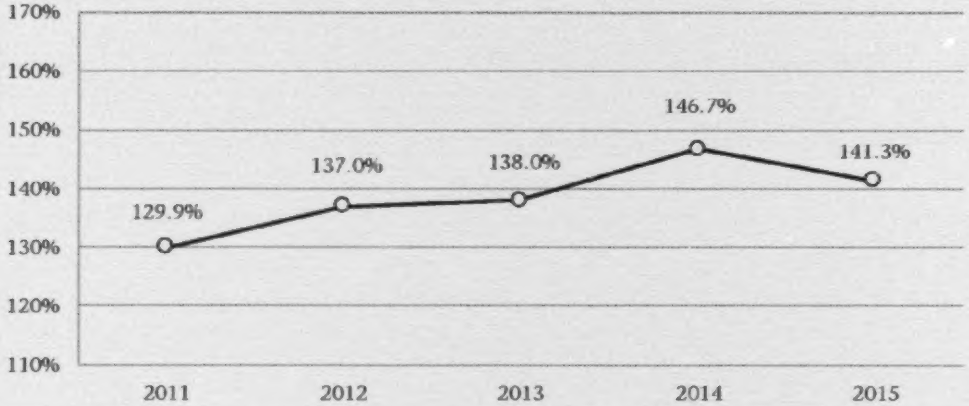


Net Debt to Total Revenue

Net debt provides a measure of the future revenues required to pay for past deficits and investments in non-financial assets. An increasing ratio of net debt to total revenue would indicate that more time is necessary to eliminate net debt.

Net debt as a percentage of total revenue decreased 5.4 percentage points from the previous year to 141.3 per cent. Over the past five years, this ratio ranged from a low of 129.9 per cent in 2011 to a high of 146.7 per cent in 2014.

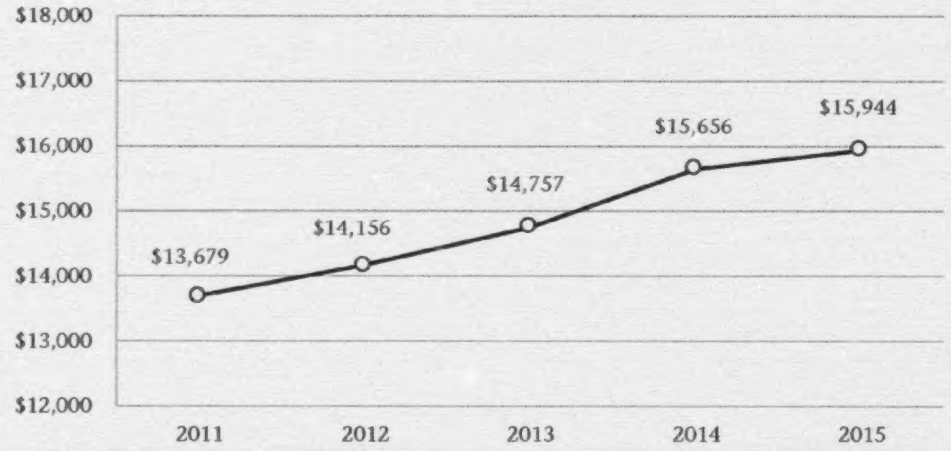
Net Debt to Total Revenue - 5 Year Trend



Net Debt per Capita

Net debt per capita increased $288 from $15,656 in 2014 to $15,944 in 2015. An increase in net debt per capita shows that the Province's debt is increasing at a faster rate than the growth in Nova Scotia's population.

Net Debt per Capita - 5 Year Trend

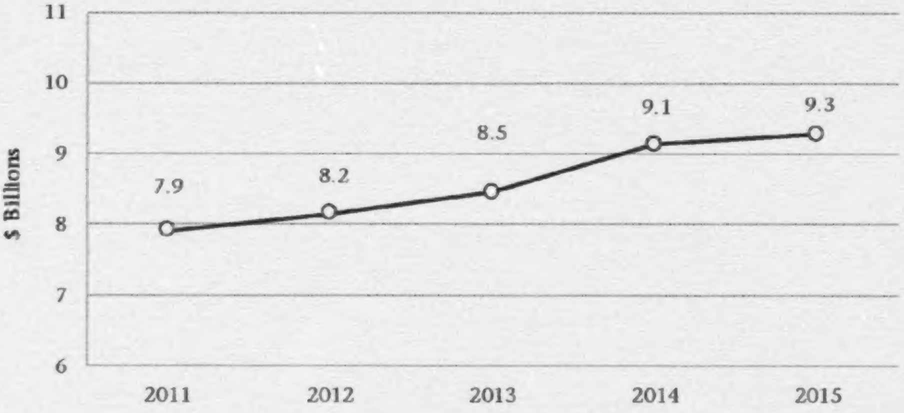


Accumulated Deficits

Accumulated deficits represent the difference between the Province's liabilities and both financial and non-financial assets. Further, they are the sum of all surpluses and deficits incurred to date, calculated according to current accounting policies. The accumulated deficits were $9.3 billion at the end of 2015, higher compared to 2014 as a result of the current year's deficit of $143.7 million.

The Province of Nova Scotia reported accumulated deficits in the past five years as follows:

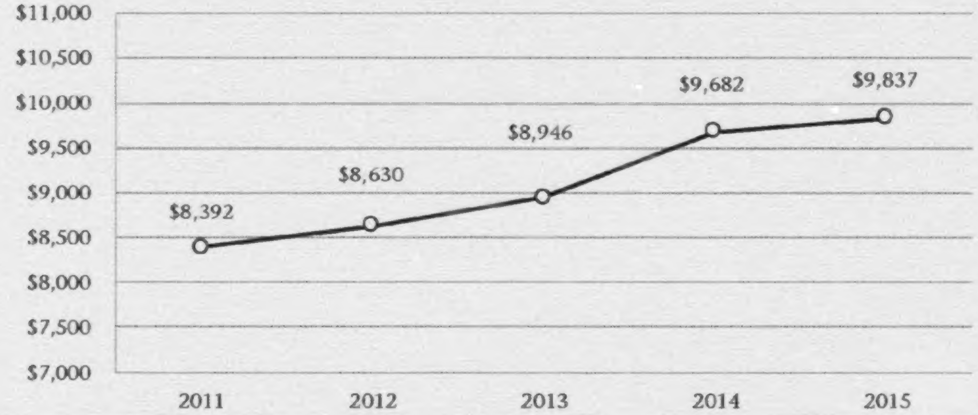
Accumulated Deficits - 5 Year Trend



Accumulated Deficits per Capita

Accumulated deficits increased $155 per capita from $9,682 in 2014 to $9,837 in 2015. Over the past five years, accumulated deficits per capita have increased overall by $1,445 since 2011.

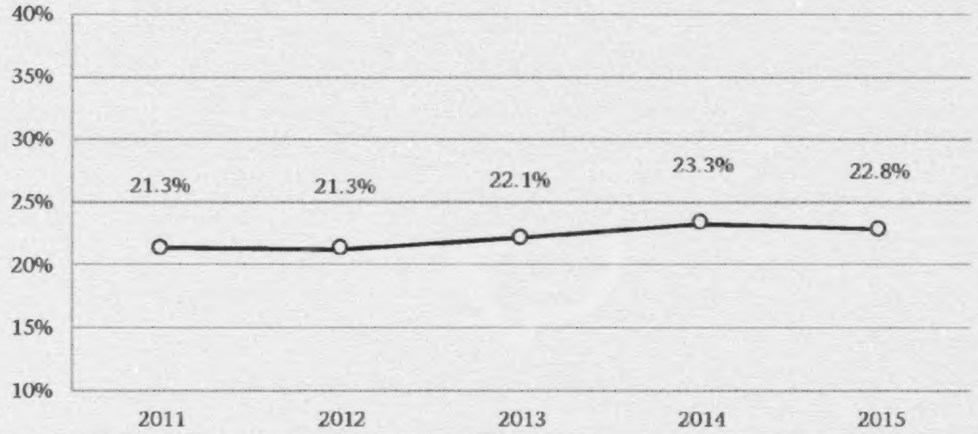
Accumulated Deficits per Capita - 5 Year Trend



Accumulated Deficits to Gross Domestic Product

Accumulated deficits expressed as a percentage of GDP decreased 0.5 percentage points from 23.3 per cent in 2014 to 22.8 per cent in 2015 mainly due to the deficit being partially offset by the growth in GDP. Over the past five years, accumulated deficits to GDP ranged from a low of 21.3 per cent in 2011 and 2012 to a high of 23.3 per cent in 2014. The overall increase in this ratio was 1.5 percentage points since 2011.

Accumulated Deficits to GDP - 5 Year Trend



Financial Assets

Financial assets consist of assets available to discharge existing liabilities or to finance future operations. Financial assets increased $194.6 million from the previous year to $4.0 billion at March 31, 2015. Cash and Short-Term Investments decreased by $39.9 million as a result of the operating, investing, capital, and financing activities explained on page 43. Accounts Receivable were $8.3 million higher than the prior year.

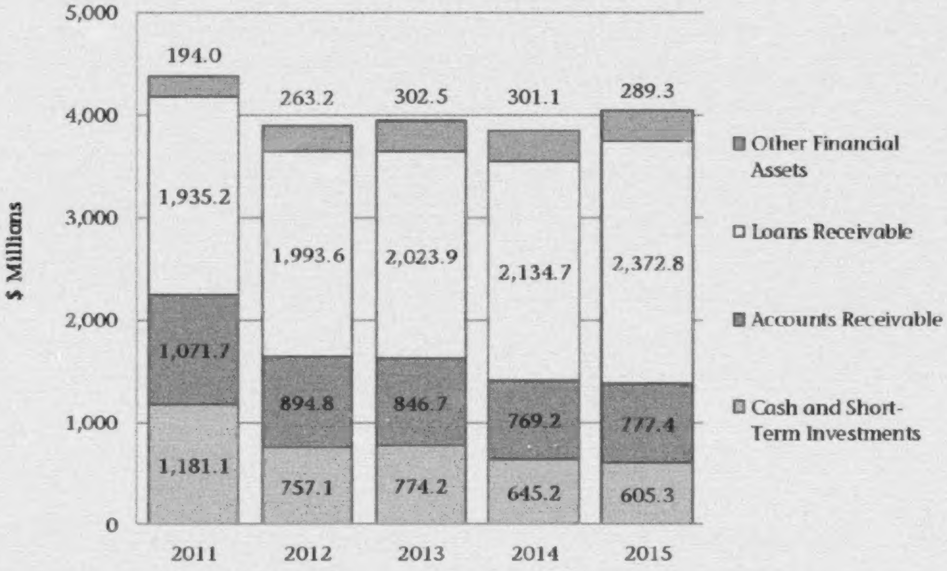
Loans Receivable increased from last year by $238.1 million due to additional lending net of repayments by the General Revenue Fund of $254.1 million and an increase of $18.8 million in the loan portfolio of Nova Scotia Municipal Finance Corporation, offset by a decrease in the loan portfolio of Nova Scotia Strategic Opportunities Fund of $30.7 million and a net decrease in other loan portfolios of $4.1 million. Within the General Revenue Fund, the Nova Scotia Jobs Fund's loan portfolio increased by $85.2 million and the Province lent $160.0 million to the Halifax-Dartmouth Bridge Commission for the Big Lift Redecking Project.

Financial Assets

($ thousands)

	Actual 2015	% of Total	Actual 2014	% of Total	Variance Increase (Decrease)
Cash and Short-Term Investments	605,283	15.0%	645,206	16.8%	(39,923)
Accounts Receivable	777,431	19.2%	769,169	20.0%	8,262
Loans Receivable	2,372,800	58.7%	2,134,742	55.4%	238,058
Other Financial Assets	289,284	7.1%	301,074	7.8%	(11,790)
Total Financial Assets	4,044,798	100.0%	3,850,191	100.0%	194,607

Financial Assets - 5 Year Trend



Investment in Government Business Enterprises

Other financial assets include the Province's financial position in its government business enterprises (GBEs), which has continually improved over the past five years from a net investment of $95.5 million at March 31, 2011 to $158.6 million at March 31, 2015. The Province's investment in GBEs increased by $17.2 million over the previous year.

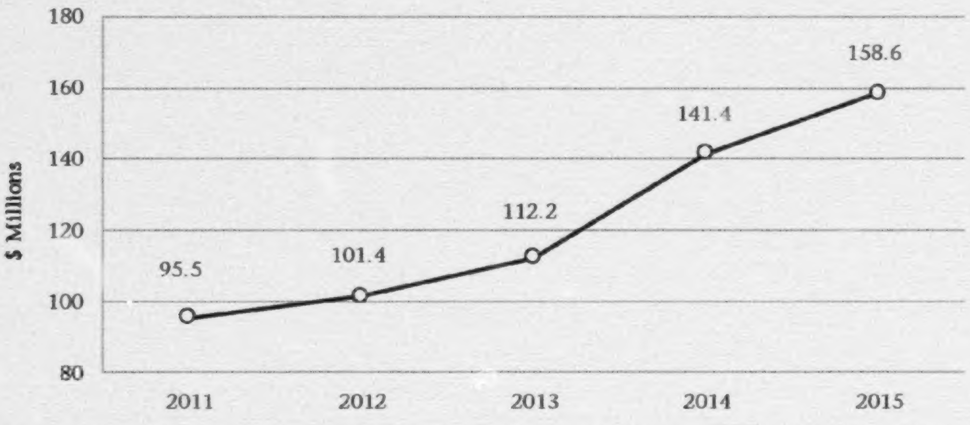
As publicly accountable enterprises, GBEs follow International Financial Reporting Standards (IFRS). Four of the Province's GBEs converted their accounting principles to IFRS effective January 1, 2011 and prepared their 2012 financial statements including comparative information for 2011 in compliance with IFRS for the first time. In addition to this conversion to IFRS, Nova Scotia Liquor Corporation changed the presentation of its payable to the Minister of Finance and Treasury Board from a liability to equity on a retroactive basis.

Effective April 1, 2012, Government Not-For-Profit Organizations (GNFPOs) adopted public sector accounting standards (PSAS) on a retroactive basis. As a result, Capital District Health Authority identified and consolidated the Queen Elizabeth II Health Sciences Centre Auxiliary as a GBE under its control. This GBE operates as Partners for Care.

The Province's investment in its GBEs increased by $63.1 million in the last five years. Net equity of the Halifax-Dartmouth Bridge Commission increased $45.1 million, Highway 104 Western Alignment Corporation increased $9.5 million, Nova Scotia Provincial Lotteries and Casino Corporation increased $13.1 million, and Nova Scotia Liquor Corporation decreased $4.9 million. The equity of Partners for Care was $0.3 million at the end of 2015.

More detailed information about the Province's GBEs is provided in Schedule 6 of the Public Accounts on page 103 of this publication.

Investment in GBEs - 5 Year Trend



Liabilities

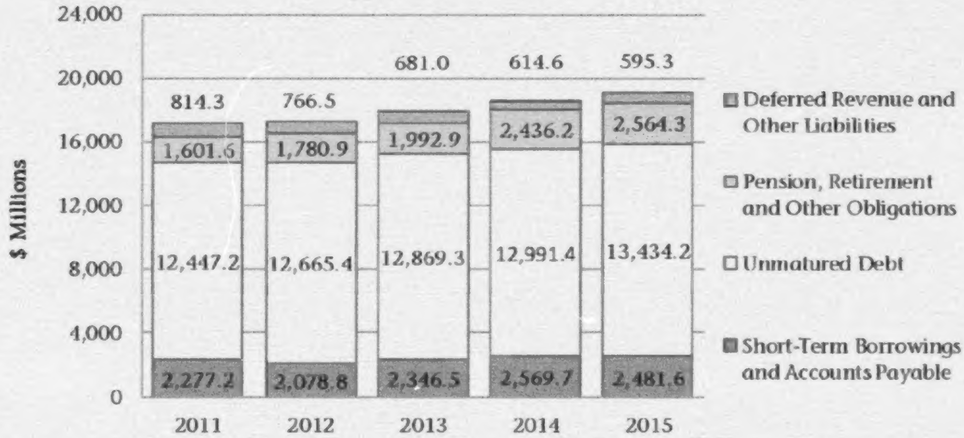
Liabilities, consisting of debts or monetary obligations owing at March 31, 2015 to be paid in the future with cash or other assets, increased by $463.5 million from last year to $19.1 billion. Unmatured Debt increased $442.8 million over the prior year due mainly to $1,187.0 million of debt issued mostly by the General Revenue Fund. These funds were used to finance the annual deficit and activities of crown corporations, acquire tangible capital assets, provide financing to Halifax-Dartmouth Bridge Commission, and refinance maturing debt. These borrowings were offset by $592.8 million in debt repayments, $40.8 million in sinking fund installments, and $103.9 million in sinking fund earnings.

Pension, Retirement and Other Obligations increased by $128.0 million mainly due to changes in external valuations from updated member data, actuarial assumptions, and plan amendments. Other changes to liabilities included a decrease in Accounts Payable and Accrued Liabilities of $98.5 million and a net decrease of $8.9 million in Other Liabilities and Short-Term Borrowings. Information on Deferred Revenue is provided in Note 5 of the Public Accounts on page 81.

Liabilities
($ thousands)

	Actual 2015	% of Total	Actual 2014	% of Total	Variance Increase (Decrease)
Bank Advances and Short-Term Borrowings	549,908	2.9%	539,565	2.9%	10,343
Accounts Payable and Accrued Liabilities	1,931,645	10.1%	2,030,107	10.9%	(98,462)
Deferred Revenue	231,288	1.2%	230,900	1.2%	388
Unmatured Debt	13,434,240	70.5%	12,991,397	69.8%	442,843
Pension, Retirement and Other Obligations	2,564,273	13.4%	2,436,241	13.1%	128,032
Other Liabilities	364,059	1.9%	383,728	2.1%	(19,669)
Total Liabilities	19,075,413	100.0%	18,611,938	100.0%	463,475

Liabilities - 5 Year Trend

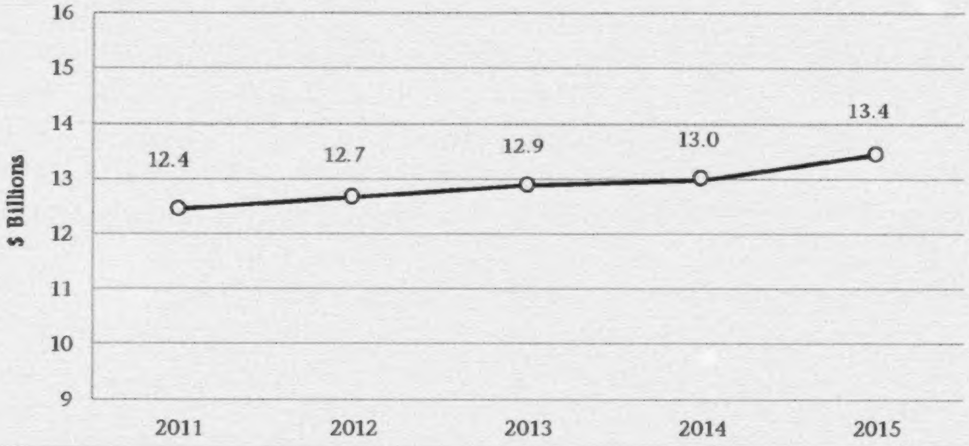


Unmatured Debt

Unmatured debt, net of sinking funds and defeasance assets, increased to $13.4 billion as at March 31, 2015, of which $13.2 billion is attributable to the General Revenue Fund, $176.5 million to Housing Nova Scotia, and $8.0 million to other controlled entities.

Over the past five years, unmatured debt increased $1.0 billion from $12.4 billion in 2011 to $13.4 billion in 2015.

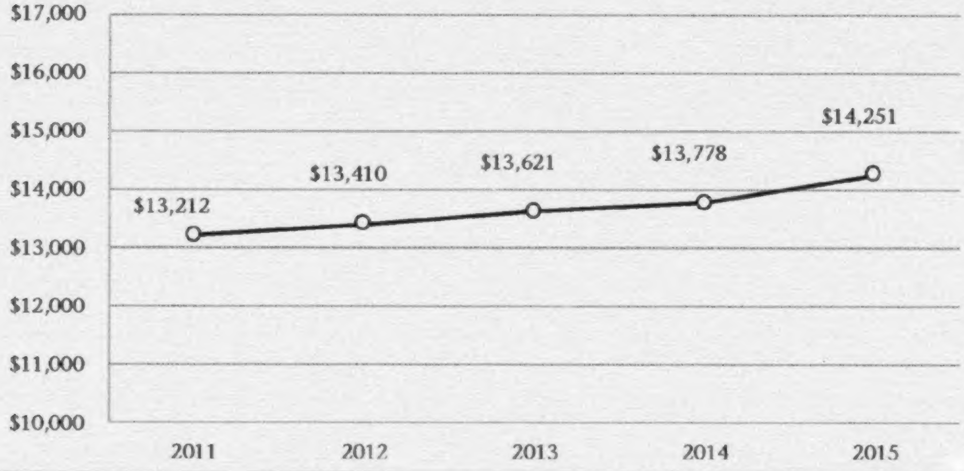
Unmatured Debt - 5 Year Trend



Unmatured Debt per Capita

Unmatured debt increased $473 per capita from $13,778 in 2014 to $14,251 in 2015. Over the past five years, unmatured debt per capita increased $1,039 from $13,212 in 2011 to $14,251 in 2015.

Unmatured Debt per Capita - 5 Year Trend



Credit Ratings

The Province of Nova Scotia's credit ratings were confirmed by all three major credit rating agencies during 2015 with no changes from the previous year. The Province's credit ratings are "A (high)" with a stable outlook from Dominion Bond Rating Service (DBRS), "A+" with a stable outlook from Standard and Poor's (S&P), and "Aa2" with a stable outlook from Moody's Investor Services Inc. (Moody's). The following table details these Nova Scotia ratings relative to its provincial peers. Note that (neg) refers to a negative outlook and (pos) a positive outlook, indicating the rating agency may change the respective province's credit rating over the next year.

Canadian Provincial Credit Ratings (as at July 10, 2015)

Province	Moody's Investor Services Inc.	Standard and Poor's	Dominion Bond Rating Service
Nova Scotia	Aa2	A+	A (high)
New Brunswick	Aa2	A+	A (high)
Newfoundland and Labrador	Aa2	A+	A
Prince Edward Island	Aa2	A	A (low)
Quebec	Aa2	A+	A (high)
Ontario	Aa2 (neg)	A+	AA (low)
Manitoba	Aa2	AA	A (high)
Saskatchewan	Aaa	AAA	AA
Alberta	Aaa	AAA	AAA
British Columbia	Aaa	AAA	AA (high)
Canada	Aaa	AAA	AAA

Capital Markets Issuance Initiatives

The Province borrows funds in capital markets on an ongoing basis to refinance maturing debt, fund budgetary deficits, lend monies for investment purposes, and acquire tangible capital assets. In broad terms, budgetary deficits act to increase the annual borrowing requirements, while surpluses serve to reduce the Province's borrowing needs. However, the relationship is not exact as there may be a number of cash flow timing differences.

The Province maintains the ability to borrow funds for future requirements should financial market conditions be favourable to do so, or may postpone borrowing in term debt markets if financial market conditions are unfavourable. The Province maintains discretionary sinking funds in the form of a pool of liquid assets to assist in the refinancing of maturing debt. Pre-borrowing for future years may add to the level of those funds. These discretionary sinking funds can only be used to repay debt.

In 2015, the Province borrowed $1,100 million in long-term debt through the General Revenue Fund as market conditions and opportunities continued to be favourable. This amount included some pre-borrowing to take advantage of investor demand for Nova Scotia debt issues. The borrowings were completed by way of numerous debt issues: three public debt issues totaling $625 million, a $125 million private placement of a 7-year fixed interest rate debt issue, and $350 million in three tranches of floating interest rate notes resetting to the Canadian Overnight Repo Rate Average (CORRA). The latter is the weighted average rate of overnight general (non-specific) collateral repo trades that occurred through designated inter-dealer brokers on the specified date as reported to the Bank of

Canada. The Province of Nova Scotia was the first to issue what has been termed a "CORRA floater" with the intent to diversify its portfolio of short-term debt instruments. The General Revenue Fund also made lower net capital advances to crown corporations than anticipated in the Estimates. As a result, the Province pre-borrowed for future years.

Financial Risk Management

In order to more fully access global capital markets, the Province maintains the ability to borrow in currencies other than the Canadian dollar through a diversity of borrowing sources, both domestic and international. This access is a key factor in maintaining a broad demand for Nova Scotia debt issues and achieving lower borrowing costs.

Foreign Currency Risk

There were no foreign currency borrowings during the 2015 fiscal year. The Province has mitigated its exposure to foreign currency debt in recent years through the active use of derivatives where appropriate and by the accumulation of US dollar-denominated assets held in sinking funds to offset outstanding US dollar issues. As at March 31, 2015, the Province's debt continued to have no exposure to foreign currency fluctuations. This position did not change in comparison to March 31, 2014.

The Province's sinking funds held no assets in US dollars as at March 31, 2015, other than the Province's own US dollar-denominated bonds. These funds were therefore not subject to net foreign exchange fluctuations.

Public Sector Accounting Standards require that all financial amounts in the financial statements be presented in Canadian dollars. Conversion of un-hedged foreign currency amounts outstanding is calculated annually at March 31. That conversion results in a foreign currency gain or loss from year-to-year as the currency exchange rates fluctuate. As described in Note 1(d) on page 78, the foreign exchange gains or losses on long-term financial items are amortized over the remaining life of the related item. At year-end, unamortized foreign exchange was in a net gain position of $89.6 million, which is included in Unamortized Foreign Exchange Translation Gains and Losses, Premiums and Discounts on the Province's Consolidated Statement of Financial Position.

Interest Rate Risk

As a net debtor in financial markets, the Province is exposed to the risks posed by movements in interest rates. The Province is exposed to interest rate risk as maturing debenture issues are refinanced at current market rates. Some exposure to fluctuating short-term rates is maintained in the debt portfolio to lower expected debt servicing costs. The Province has policies in place that set exposure limits on interest rate risk. Control is maintained over this exposure through the active management by the Province of its gross debt and sinking fund asset portfolios.

The debt portfolio's exposure to floating interest rates decreased to 10.3 per cent for the fiscal year ended March 31, 2015, down from 12.1 per cent a year earlier. The Province is able to exercise control of this variable in the portfolio by maintaining access to both floating and fixed interest rate instruments in capital markets and through the use of derivatives. With 89.7 per cent of the total principal in fixed interest rate form (2014 – 87.9 per cent), there is expected to be a significant degree of stability in debt servicing costs in coming years. At March 31, 2015, the average term to maturity of the gross debt portfolio stood at 14.9 years, down 0.5 years from a year earlier due to the short-dated issuances during the fiscal year.

Non-Financial Assets

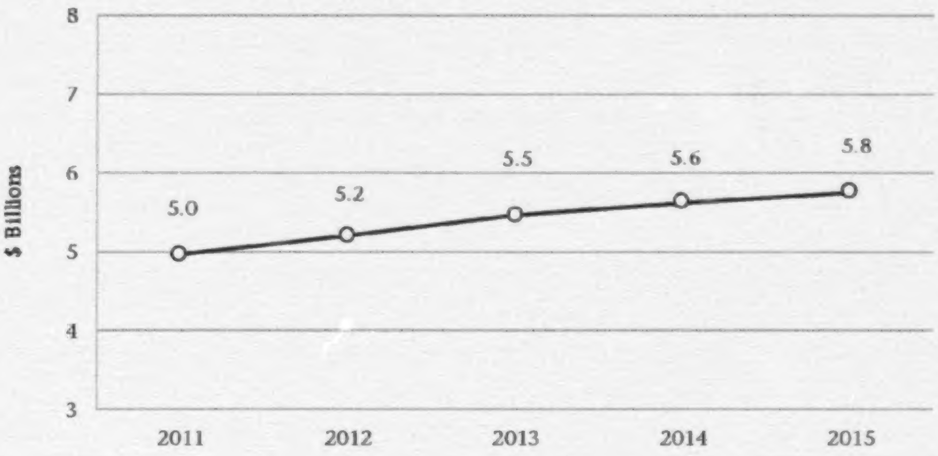
Non-financial assets are a component of the Province's financial position and are assets to be used during the provision of services in the future. Non-financial assets consist primarily of Tangible Capital Assets but also include Inventories of Supplies and Prepaid Expenses. Total non-financial assets increased by $125.2 million from $5.6 billion a year ago. Over the past five years, total non-financial assets increased from $5.0 billion at the end of 2011 to $5.8 billion at the end of 2015, largely in the form of net investments in Tangible Capital Assets. Further details on Tangible Capital Assets can be found on the next two pages.

Non-Financial Assets

($ thousands)

	Actual 2015	% of Total	Actual 2014 *(as restated)*	% of Total	Variance Increase (Decrease)
Tangible Capital Assets	5,686,606	98.7%	5,563,901	98.8%	122,705
Inventories of Supplies	55,843	1.0%	54,763	1.0%	1,080
Prepaid Expenses	15,238	0.3%	13,848	0.2%	1,390
Total Non-Financial Assets	5,757,687	100.0%	5,632,512	100.0%	125,175

Non-Financial Assets - 5 Year Trend



Tangible Capital Assets

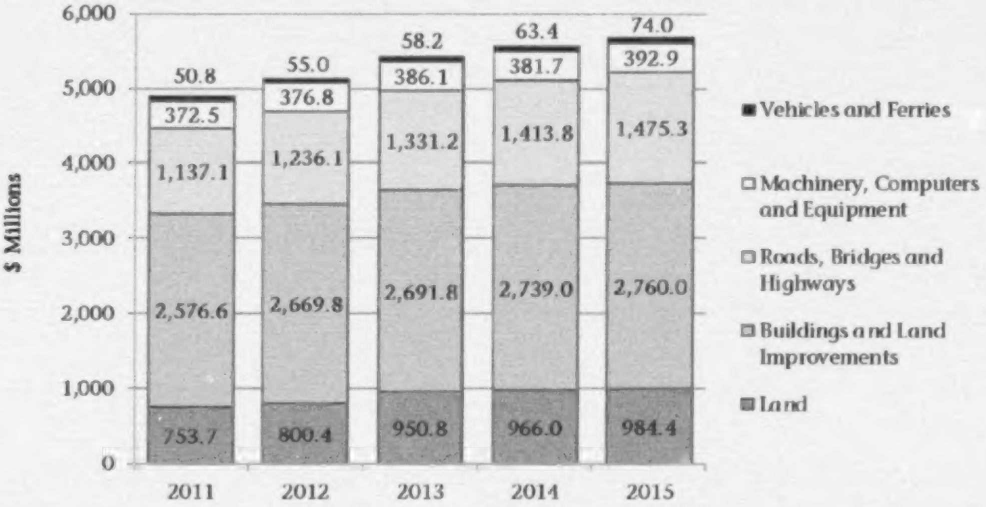
The net book value (acquisition cost less accumulated amortization) of Tangible Capital Assets is a significant asset to the Province, totaling $5.7 billion at the end of 2015, an increase of $122.7 million from the end of the previous fiscal year. The Buildings and Land Improvements asset class includes all of the provincially owned buildings, schools, and hospitals, as well as a large number of leased schools and the correctional forensic facility. An accounting change was made during the year to this asset class that related to Capital District Health Authority and resulted in a restatement of the prior year comparatives. Details are provided in Note 2 of the Consolidated Financial Statements on page 80 of this publication.

Tangible Capital Assets (Net Book Value)

($ thousands)

	Actual 2015	% of Total	Actual 2014 *(as restated)*	% of Total	Variance Increase (Decrease)
Land	984,441	17.3%	965,999	17.4%	18,442
Buildings and Land Improvements	2,759,954	48.6%	2,738,994	49.2%	20,960
Roads, Bridges and Highways	1,475,270	25.9%	1,413,770	25.4%	61,500
Machinery, Computers and Equipment	392,893	6.9%	381,711	6.9%	11,182
Vehicles and Ferries	74,048	1.3%	63,427	1.1%	10,621
Total Tangible Capital Assets	5,686,606	100.0%	5,563,901	100.0%	122,705

Tangible Capital Assets - 5 Year Trend

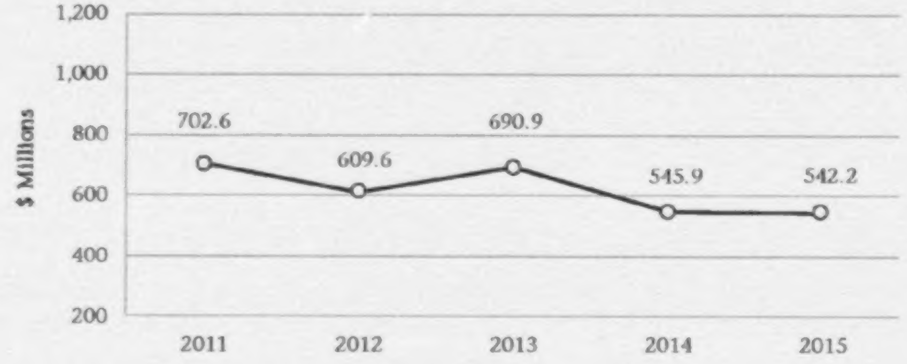


Acquisition of Tangible Capital Assets

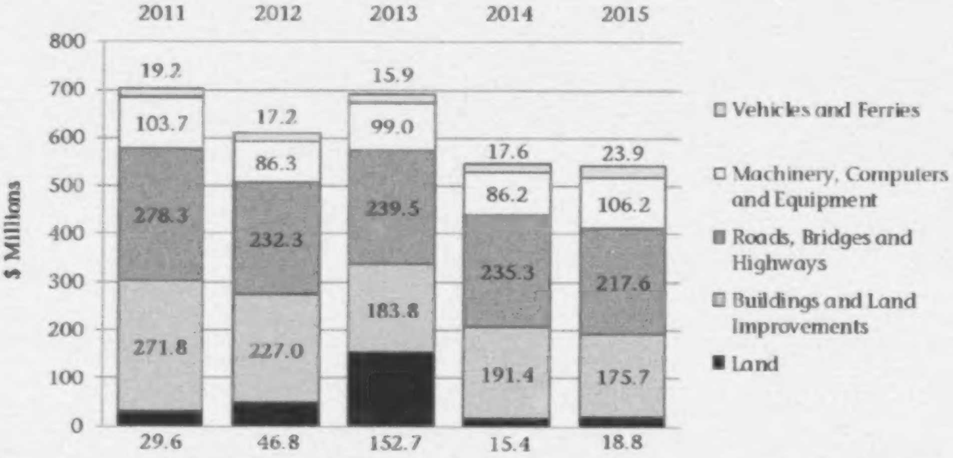
Acquisitions and transfers of Tangible Capital Assets totaled $542.2 million in 2015, a decrease of $3.7 million compared to $545.9 million in 2014. Additions to Buildings and Land Improvements totaled $175.7 million (2014 - $191.4 million), of which $130.5 million related to the construction and improvement of buildings in the General Revenue Fund, $33.5 million related to the District Health Authorities, $8.8 million related to social housing, and $2.9 million related to other additions made by various governmental units.

New land totaling $18.8 million (2014 - $15.4 million) was acquired during the year, and additions to Roads, Bridges and Highways totaled $217.6 million (2014 - $235.3 million). Additions to Machinery, Computers and Equipment during the year were $106.2 million (2014 - $86.2 million), of which $44.7 million was attributable to the General Revenue Fund, $53.7 million to the District Health Authorities, and $7.8 million to various other governmental units. Over the past five years, acquisitions of Tangible Capital Assets ranged from a low of $542.2 million in 2015 to a high of $702.6 million in 2011.

Tangible Capital Assets (Acquisitions at Gross Cost)



5 Year Trend (By TCA Category)



Cash Flows

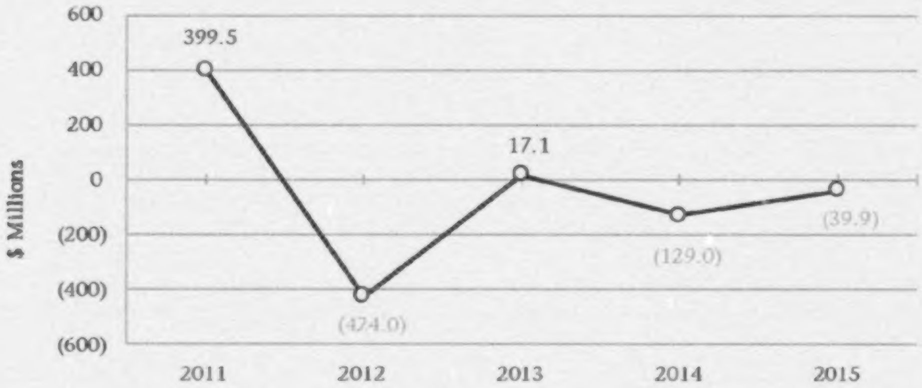
The Province records its transactions on an accrual basis in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector, the timing of which may vary from when actual cash is paid or received. The Consolidated Statement of Cash Flow (Statement 4) on page 74 of this publication details the increases and decreases in the Province's cash flows in terms of the sources and uses of cash identified within the following activities: operating, investing, capital, and financing.

During 2015, the Province's overall cash position decreased by $39.9 million. Cash inflows of $181.7 million were generated from operating activities and $521.8 million from financing activities related to debt issuances. Cash outflows were used to purchase $542.2 million in tangible capital assets, $590.5 million in investments, offset by $350.2 million in loan repayments, and $39.1 million in other net cash inflows.

Cash Flows by Activity
($ thousands)

	Actual 2015	Actual 2014	Variance Increase (Decrease)
Operating	181,696	327,030	(145,334)
Investing	(212,828)	(111,507)	(101,321)
Capital	(530,636)	(540,631)	9,995
Financing	521,845	196,112	325,733
Net Inflows (Outflows)	(39,923)	(128,996)	89,073

Net Cash Flows - 5 Year Trend



Risk

The Province is subject to various forms of risk inherent in the nature of certain financial statement elements and financial markets. Exposure to risk from the use of accounting and other estimates in recording certain transactions is discussed in Note 1(e) of the consolidated financial statements on page 79 of this publication. Financial risks, including foreign currency risk and interest rate risk, are also discussed on page 39 as well as in Note 13 of the Public Accounts on page 91.

SELECTED HIGHLIGHTS OF THE GENERAL REVENUE FUND

for the fiscal year ended March 31, 2015

Selected Highlights of the General Revenue Fund

($ thousands)

	Estimate 2015	Actual 2015	Actual 2014 *(as restated)*
General Revenue Fund *			
Revenues			
Ordinary Revenue	8,703,762	8,842,579	8,207,189
Ordinary Recoveries	521,983	544,625	609,671
Net Income from Government Business Enterprises	340,391	351,395	351,257
	9,566,136	9,738,599	9,168,117
Expenses			
Departmental Expenses	8,851,640	8,815,477	8,489,945
Refundable Tax Credits	115,566	133,980	101,983
Pension Valuation Adjustment	90,505	78,370	388,160
Debt Servicing Costs	877,983	874,053	857,317
	9,935,694	9,901,880	9,837,405
	(369,558)	(163,281)	(669,288)
Consolidation and Accounting Adjustments for Government Units			
General Revenue Fund Consolidation Adjustments	93,858	29,867	(8,422)
Special Purpose Funds	(720)	1,092	5,431
Other Organizations	(2,536)	(11,371)	(4,572)
	90,602	19,588	(7,563)
Provincial Deficit	(278,956)	(143,693)	(676,851)

* *The General Revenue Fund is comprised of the Province's departments and public service units, but excludes the governmental units and government business enterprises owned or controlled by the Province.*

General Revenue Fund – Revenue

In total, revenue of the General Revenue Fund for the fiscal year ending March 31, 2015 was $172.5 million or 1.8 per cent higher than estimate and $570.5 million or 6.2 per cent higher than the prior year. The table below shows the current year estimate, current and prior year actual revenue, and current year variances compared to estimate and to prior year. The analysis that follows this table includes explanations, by source, for the more significant variances.

Revenue

($ thousands)

	Estimate 2015	Actual 2015	Actual 2014	Actual vs Estimate Increase (Decrease)	Actual vs Actual Increase (Decrease)
Provincial Sources					
Tax Revenue					
Personal Income Tax	2,342,580	2,349,724	2,192,826	7,144	156,898
Corporate Income Tax	441,387	474,031	425,894	32,644	48,137
Harmonized Sales Tax	1,710,776	1,702,427	1,660,056	(8,349)	42,371
Tobacco Tax	226,722	206,255	217,229	(20,467)	(10,974)
Motive Fuel Tax	247,617	248,274	246,800	657	1,474
Other Provincial Revenue					
Registry of Motor Vehicles	121,458	123,032	120,506	1,574	2,526
Petroleum Royalties	31,775	30,019	20,732	(1,756)	9,287
Other Provincial Sources	295,815	285,585	301,028	(10,230)	(15,443)
TCA Cost Shared Revenue	3,320	8,564	16,953	5,244	(8,389)
Prior Years' Adjustments	—	110,207	(258,483)	110,207	368,690
Other Fees and Charges	62,894	62,249	59,996	(645)	2,253
Ordinary Recoveries	311,412	340,653	347,606	29,241	(6,953)
Gain on Disposal of Crown Assets	—	4,767	4,631	4,767	136
Net Income from Government Business Enterprises	340,391	351,395	351,257	11,004	138
Investment Income					
Interest Revenue	69,305	83,660	77,093	14,355	6,567
Sinking Fund Earnings	106,197	103,892	111,470	(2,305)	(7,578)
Total Provincial Sources	6,311,649	6,484,734	5,895,594	173,085	589,140
Federal Sources					
Equalization Payments	1,757,744	1,750,653	1,718,183	(7,091)	32,470
Canada Health Transfer	846,774	852,161	829,861	5,387	22,300
Canada Social Transfer	331,895	334,007	327,379	2,112	6,628
Crown Share	13,762	14,058	4,577	296	9,481
Offshore Accord	64,481	64,481	89,461	—	(24,980)
Other Federal Sources	5,279	3,620	5,100	(1,659)	(1,480)
Wait Times Reduction Transfer	—	—	6,700	—	(6,700)
C50 Public Safety Trust	—	—	3,500	—	(3,500)
TCA Cost Shared Revenue	23,981	21,950	22,485	(2,031)	(535)
Ordinary Recoveries	210,571	203,972	262,065	(6,599)	(58,093)
Prior Years' Adjustments	—	8,963	3,212	8,963	5,751
Total Federal Sources	3,254,487	3,253,865	3,272,523	(622)	(18,658)
Total Revenue	9,566,136	9,738,599	9,168,117	172,463	570,482

General Revenue Fund – Revenue Variance Analysis

Personal Income Tax

Personal Income Tax (PIT) revenue was $7.1 million or 0.3 per cent higher than estimate. Higher yield rates are the primary driver, increasing by 0.059 percentage points in 2014 and 0.1161 percentage points in 2015. A reduction in the non-eligible dividend tax credit rate in 2015 also contributes to higher revenues. This increase is partially offset by a lower household income forecast and personal taxable income that is expected to decline by $105.7 million or 0.4 per cent in 2014 and by $272.5 million or 0.9 per cent in 2015.

PIT revenue was $156.9 million or 7.2 per cent higher than the prior year.

Corporate Income Tax

Corporate Income Tax (CIT) revenue was $32.6 million or 7.4 per cent higher than estimate. National corporate taxable income increased by 2.5 per cent in 2014, but declined by 1.4 per cent in 2015 compared to estimate. The Province's projected share of taxable income decreased by 0.9 per cent in 2014 and 0.2 per cent in 2015.

CIT revenue was $48.1 million or 11.3 per cent higher than the prior year.

Harmonized Sales Tax

Harmonized Sales Tax (HST) revenue was $8.3 million or 0.5 per cent lower than estimate primarily as a result of downward revisions to the projected level of the residential housing investment tax base in both 2014 (-4.2 per cent) and 2015 (-2.9 per cent) and increased public sector rebates. Taxable consumer expenditures were higher by 3.9 per cent in 2014 and by 2.9 per cent in 2015.

HST revenue was $42.4 million or 2.6 per cent higher than the prior year.

Tobacco Tax

Tobacco Tax revenue was $20.5 million or 9.0 per lower than estimate primarily as a result of the consumption of cigarettes being 11.2 per cent lower than projected and the consumption of fine cut tobacco being 24.1 per cent less than anticipated. The Consumer Price Index for tobacco products grew faster than previously estimated as well, at 3.6 per cent higher relative to the estimate.

Tobacco Tax revenue was $11.0 million or 5.1 per cent lower than the prior year.

Motive Fuel Tax

Motive Fuel Taxes were $0.7 million or 0.3 per cent higher than estimate based upon higher consumption of both gasoline (+1.7 per cent) and diesel oil (+1.9 per cent). Gasoline prices for the year were slightly below projections while diesel oil prices were 4.9 per cent higher than anticipated. Labour income was also lower than expected.

Motive Fuel Tax revenue was $1.5 million or 0.6 per cent higher than the prior year.

Petroleum Royalties

Petroleum Royalties were $1.8 million or 5.5 per cent lower than estimate based upon a lower volume of production on the Deep Panuke project than previously projected.

Petroleum Royalties were 9.3 million or 44.8 per cent higher than the prior year.

Other Provincial Sources

Other Provincial Sources were $10.2 million or 3.5 per cent lower than estimate primarily due to a $7.5 million adjustment related to the comprehensive income of Nova Scotia Provincial Lotteries and Casino Corporation that reduced miscellaneous revenue. Other various provincial revenues combined were lower than estimate by $2.7 million.

Other Provincial Sources were $15.4 million or 5.1 per cent lower than the prior year primarily due to a $11.9 million decrease in the comprehensive income of government business enterprises. Net decreases in other revenue sources totaled $3.5 million.

TCA Cost Shared Revenue – Provincial Sources

TCA Cost Shared Revenue from Provincial Sources was $5.2 million or 158.0 per cent higher than estimate primarily due to an insurance recovery for a building that was destroyed by fire and cost shared funding for a farm museum project.

TCA Cost Shared Revenue from Provincial Sources was $8.4 million or 49.5 per cent lower than the prior year due to reduced school and hospital project recoveries.

Prior Years' Adjustments – Provincial Sources

Prior Years' Adjustments (PYAs) from Provincial Sources were $110.2 million reflecting updates to the Province's economic forecast and federal government information on forecasted tax yields of PIT and CIT, revisions to HST forecasts for open years, and revenue forecast updates to large corporations tax and offshore petroleum royalties.

PYAs are not budgeted because they cannot be reasonably estimated. The PYA revenues were attributable to: $69.3 million for CIT, $47.4 million for HST, $3.1 million for offshore petroleum royalties, $5.2 million for Preferred Share Dividends, and $0.7 million for Large Corporations Tax. There was also a negative PYA of -$15.6 million for PIT. The current year revenues and corresponding PYAs are reported on Schedule 1 of the Public Accounts on page 94 as follows:

($ thousands)	2015			2014		
	Current	PYA	Total	Current	PYA	Total
Personal Income Tax	2,349,724	(15,588)	2,334,136	2,192,826	(62,283)	2,130,543
Corporate Income Tax	474,031	69,345	543,376	425,894	(17,923)	407,971
Harmonized Sales Tax	1,702,427	47,439	1,749,866	1,660,056	(39,284)	1,620,772
Petroleum Royalties	30,019	3,067	33,086	20,732	(145,551)	(124,819)
Miscellaneous *	—	5,226	5,226	—	3,520	3,520
Large Corporations Tax *	—	718	718	—	3,038	3,038
		110,207			(258,483)	

** Included in Other Tax Revenue on Schedule 1 of the Consolidated Financial Statements*

Ordinary Recoveries – Provincial Sources

Ordinary Recoveries from Provincial Sources were $29.2 million or 9.4 per cent higher than estimate mainly due to the receipt of unbudgeted recoveries of $9.4 million from an accounts payable review of prior year provincial HST expenditures. Insurance recoveries for treatment of out-of-province patients in the health sector were $10.3 million higher than expected. Other increases of $9.5 million related to increased third party recoveries for SAP projects, recovery of overdue fines at Justice and overpayments in Labour and Advanced Education, and increased third party work conducted by Transportation and Infrastructure Renewal.

Ordinary Recoveries from Provincial Sources were $7.0 million or 2.0 per cent lower than the prior year primarily due to a reduction of recoveries from an accounts payable review of prior year provincial HST expenditures and a reduction in recoveries from the health sector.

Net Income from Government Business Enterprises

Net Income from Government Business Enterprises was $11.0 million or 3.2 per cent higher than estimate primarily due to favourable variances in the sales and expenses of Nova Scotia Liquor Corporation and Nova Scotia Provincial Lotteries and Casino Corporation of $4.5 million and $6.9 million, respectively. The three other government business enterprises combined for a decrease of $0.4 million.

Net Income from Government Business Enterprises was $0.1 million or 0.04 per cent higher than the prior year.

Interest Revenue

Interest Revenue was $14.4 million or 20.7 per cent higher than estimate primarily due to increases in the following areas: $6.0 million from the Student Assistance program in Labour and Advanced Education that was not originally budgeted as interest revenue, $5.2 million from the Nova Scotia Jobs Fund loan portfolio, $4.4 million from loans to Housing Nova Scotia relating to the Province's 25 per cent share of CMHC housing stock loans. These increases were offset by $1.2 million from various other lending programs.

Interest Revenue was $6.6 million or 8.5 per cent higher than the prior year.

Sinking Fund Earnings

Sinking Fund Earnings were $2.3 million or 2.2 per cent lower than estimate and $7.6 million or 6.8 per cent lower than the prior year, which is reflective of a full year's impact of sinking fund withdrawals in 2013-14.

Equalization Payments

Equalization payments were $7.1 million or 0.4 per cent lower than estimate mainly due to the Province's election to receive payments calculated according to the Expert Panel approach. This is a one-estimate, one-payment approach. The Province also received a cumulative best-of guarantee payment of $131.2 million in the year pursuant to the clarification reached with the federal government in October 2007. The cumulative best-of guarantee payment was $7.1 million or 5.1 per cent lower than the estimate as a result of the Expert Panel formula growing at a faster pace than the Interim Approach formula.

Equalization payments were $32.5 million or 1.9 per cent higher than the prior year.

Canada Health Transfer

Canada Health Transfer (CHT) revenue was $5.4 million or 0.6 per cent higher than estimate. This is based upon revised federal estimates of the Province's share of the national population released by the federal government in the fall of 2014.

CHT revenue was $22.3 million or 2.7 per cent higher than the prior year.

Canada Social Transfer

Canada Social Transfer (CST) revenue was $2.1 million or 0.6 per cent higher than estimate. This is based upon revised federal estimates of the Province's share of the national population released by the federal government in the fall of 2014.

CST revenue was $6.6 million or 2.0 per cent higher than the prior year.

Crown Share

Crown Share Adjustment Payments were $0.3 million or 2.2 per cent higher than estimate.

Crown Share Adjustment Payments were $9.5 million or 207.1 per cent higher than the prior year.

Offshore Accord

Offshore Accord revenue is calculated based upon the one-estimate, one-payment approach and is not re-estimated during the fiscal year. As a result, the Offshore Accord payment was equal to estimate.

Offshore Accord revenue was $25.0 million or 27.9 per cent lower than the prior year due to the decline in offshore natural resources revenue included in the weighted average calculation of Equalization Payments.

Other Federal Sources

Other Federal Sources were $1.7 million or 31.4 per cent lower than estimate and $1.5 million or 29.0 per cent lower than the prior year primarily due to Infoway project funding not being accessed during the year and a reduction in Building Canada funding as a result of changes to the timing of project work.

TCA Cost Shared Revenue — Federal Sources

TCA Cost Shared Revenue from Federal Sources was $2.0 million or 8.5 per cent lower than estimate due to a reduction in Building Canada funding as a result of a variation in the timing of project work.

TCA Cost Shared Revenue from Federal Sources was $0.5 million or 2.4 per cent lower than the prior year.

Ordinary Recoveries — Federal Sources

Ordinary Recoveries from Federal Sources were $6.6 million or 3.1 per cent lower than estimate primarily due to a change in the source of revenue from federal to provincial for projects relating to Education and Early Childhood Development. This change resulted in increased provincial sources and reduced federal sources, but no change to the total recoveries.

Ordinary Recoveries from Federal Sources were $58.1 million or 22.2 per cent lower than the prior year primarily due to a variance of $32.0 million in Federal Gas Tax transfers resulting from the second installment for 2012-13 funding being booked in 2013-14, which made last year's revenue otherwise higher. Other changes include reduced cost-shared program funding in Agriculture, the end of Early Learning and Child Care program funding in Community Services, reduced French language funding grants in Education and Early Childhood Development, reduced Labour Market Agreement and student assistance funding in Labour and Advanced Education, and reduced disaster assistance funding in the Emergency Management Office.

Prior Years' Adjustments — Federal Sources

Prior Years' Adjustments (PYAs) from Federal Sources were $9.0 million reflective of revised population estimates of open years for the CHT and CST payments.

PYAs are not budgeted because they cannot be reasonably estimated. The sources of the PYA revenue were attributable to: $8.2 million for Canada Health Transfer and $0.7 million for Canada Social Transfer. The related current year federal revenues and PYAs are reported on Schedule 1 of the Public Accounts on page 94 as follows:

($ thousands)			2015			2014
	Current	**PYA**	**Total**	**Current**	**PYA**	**Total**
Canada Health Transfer	852,161	8,236	860,397	829,861	3,269	833,130
Canada Social Transfer	334,007	727	334,734	327,379	(57)	327,322
		8,963			3,212	

General Revenue Fund – Departmental Expenses

Overall, departmental expenses of the General Revenue Fund for the fiscal year ended March 31, 2015 were $36.2 million or 0.4 per cent lower than estimate. The table below shows the current year estimate, current and prior year actual expenses, and current year variance compared to estimate. The analysis that follows this table includes explanations, by department, for the more significant variances.

Departmental Expenses
($ thousands)

	Estimate 2015	Actual 2015	Actual 2014	Actual vs Estimate Increase (Decrease)
Agriculture	60,968	73,116	61,679	12,148
Communities, Culture and Heritage	61,256	57,840	58,110	(3,416)
Community Services	903,496	919,978	889,692	16,482
Economic and Rural Development and Tourism	141,607	163,545	133,490	21,938
Education and Early Childhood Development	1,220,027	1,222,394	1,169,032	2,367
Energy	32,085	31,712	30,336	(373)
Environment	26,484	25,894	24,585	(590)
Finance and Treasury Board	13,529	12,656	12,996	(873)
Fisheries and Aquaculture	9,622	9,411	9,015	(211)
Health and Wellness	4,104,920	4,076,944	3,938,544	(27,976)
Internal Services	115,022	154,448	124,607	39,426
Justice	322,476	322,156	305,862	(320)
Labour and Advanced Education	348,420	346,724	359,465	(1,696)
Assistance to Universities	372,941	370,721	336,749	(2,220)
Municipal Affairs	157,792	150,523	180,729	(7,269)
Natural Resources	89,242	88,468	84,831	(774)
Public Service	240,151	226,887	224,416	(13,264)
Seniors	1,862	1,431	1,813	(431)
Transportation and Infrastructure Renewal	402,489	421,946	395,273	19,457
Restructuring Costs	227,251	138,683	148,721	(88,568)
Total Departmental Expenses	8,851,640	8,815,477	8,489,945	(36,163)

Request for final additional appropriations for year-end adjustments must be submitted to the Governor-in-Council no later than 15 days after the date of the tabling of these Public Accounts. These amounts are summarized by appropriation on pages 60 and 61.

The consolidation of departmental expenses with that of governmental units provides the total expenses for which government is accountable. This table provides the expenses by department prior to consolidation for comparison to the prior fiscal year and the budget, which are the Estimates as approved by the Legislature in the annual *Appropriations Act*.

General Revenue Fund – Expense Variance Analysis

Agriculture

Department of Agriculture expenses were $12.1 million or 19.9 per cent higher than estimate primarily due to an increase in Agri-Stability program expenses of $11.0 million related to the mink industry and an increase of $2.3 million related to the provision for impaired loans, partially offset by departmental savings of $1.2 million.

Communities, Culture and Heritage

Department of Communities, Culture and Heritage expenses were $3.4 million or 5.6 per cent lower than estimate primarily due to $2.4 million in amortization savings resulting from the change in estimated in-use date of the Bluenose II and $1.0 million in temporary vacancy and operating savings.

Community Services

Department of Community Services expenses were $16.5 million or 1.8 per cent higher than estimate. The Disability Support Program was $14.0 million over estimate due to increasing case loads and client costs. Child, Youth and Family Support was $5.9 million over estimate due primarily to increasing case loads and client costs in the Maintenance of Children Program. Employment Support and Income Assistance was $3.8 million over estimate due primarily to higher Pharmacare costs, partially offset by lower than anticipated expenditures in Return to Work Initiatives, Discretionary Grants, and Nova Scotia Child Benefits.

These overages were partially offset by a $5.9 million reduction in Housing Services costs, primarily as a result of lower than anticipated expenses in Housing Nova Scotia programs and operations, and $1.3 million in one-time administrative savings throughout the department.

Economic and Rural Development and Tourism

Economic and Rural Development and Tourism expenses were $21.9 million or 15.5 per cent higher than estimate primarily due to spending in the following areas: $11.5 million to support the Yarmouth Ferry, $10.7 million to maintain previously approved Nova Scotia Jobs Fund commitments, $2.4 million in capital grants to Waterfront Development Corporation for the Coast Guard property purchase, $1.8 million in United States Tourism marketing, $0.9 million in increased grants for the Capital Investment Incentive program due to increased utilization, $0.6 million in support of Tourism events, and a $0.6 million increase in the capital grant to Trade Centre Limited for Halifax Convention Centre Readiness and Exhibition Park repairs.

These overages were partially offset by savings of $2.2 million in the Workplace Innovation and Productivity Skills Incentive program due to lower uptake in the program, $1.6 million in the Graduate to Opportunity Program due to delayed program start-up, $0.8 million in the Regional Enterprise Networks due to delayed start-up, and $2.0 million in temporary staff vacancy savings.

Health and Wellness

Department of Health and Wellness expenses were $28.0 million or 0.7 per cent lower than estimate primarily due to savings of $24.6 million in capital grants as a result of delays of major construction projects, $9.6 million in Physician Services due to utilization savings in Fee for Service and Chronic Disease Management, $5.9 million in Long-Term Care due to later than planned bed openings and deferral of non-emergency capital projects, $6.3 million in provincial programs and initiatives due to delays and re-definition of scope in information

Health and Wellness (continued)

technology projects, $4.2 million due to various project delays related to the Primary Health Information Management program, other Primary Healthcare Programs, and lower than anticipated call volumes for 811 Telecare service, $3.5 million in Addictions and Mental Health mainly due to later than planned implementation of addiction services programs and Together We Can initiatives, $3.3 million in Administration due to operational efficiencies, $2.2 million in Public Health due to lower utilization rates for vaccine programs and surpluses based on lower than projected spending in chronic disease and injury prevention initiatives, and $1.4 million in Pharmaceutical Services due to lower utilization of high cost drugs.

Overages that partially offset these savings include $24.3 million in grants to District Health Authorities due to operational pressures, $3.6 million in Home Care Services due to increased utilization in the nursing and caregiver benefit program, $3.6 million in Insured Services due to increased visits by Nova Scotians for hospital services in other provinces, and $1.5 million for other miscellaneous overages in Emergency Health Services, Continuing Care, Active Living, and other Programs.

Internal Services

Department of Internal Services expenses were $39.4 million or 34.3 per cent higher than estimate primarily due to increases of $35.0 million in the accruals for environmental remediation projects. Contributing to the variance was also a grant of $3.8 million to Harbourside Commercial Park to purchase assets and land from Renova (a provincially owned crown corporation), a grant of $1.5 million to Nova Scotia Lands Inc. for operating and capital funding for the creation of a new commercial park in Liverpool, and additional increases of $2.5 million related to third party information management recoverable work. Partially offsetting these increases were reductions of $3.4 million from operational savings, vacancy management, and lower amortization due to the timing of asset completion dates.

Municipal Affairs

Department of Municipal Affairs expenses were $7.3 million or 4.6 per cent lower than estimate primarily due to underspending in the Building Canada Fund by $4.7 million as a result of project delays, underspending in various other grant programs by $0.5 million, and general operating and salary savings of $2.1 million.

Public Service

In total, Public Service expenses were $13.3 million or 5.5 per cent lower than estimate. The significant variances, which total $11.5 million, were as follows:

Communications Nova Scotia

Communications Nova Scotia expenses were $1.5 million or 20.3 per cent lower than estimate due to lower than anticipated costs as a result of changes in project timelines and other operational savings.

Executive Council

Executive Council expenses were $0.8 million or 11.5 per cent lower than estimate due to vacancy savings and lower than anticipated operating costs.

Government Contributions to Benefit Plans

Government Contributions to Benefit Plans expenses were $2.8 million or 30.9 per cent lower than estimate primarily due to a $1.9 million adjustment to the vacation pay liability.

Public Service (continued)

Legislative Services

Legislative Services expenses were $1.7 million or 7.5 per cent lower than estimate due to savings in overall operating costs, primarily related to an underspend in MLA constituency allowances.

Nova Scotia Business Inc.

Nova Scotia Business Inc. expenses were $0.5 million or 2.1 per cent higher than estimate primarily due to the Strategic Investment Funds overage of $0.7 million offset by $0.2 million savings in other miscellaneous expenses.

Office of Immigration

Office of Immigration's expenses were $0.7 million or 9.7 per cent lower than estimate due to vacancy savings and lower than anticipated operating costs.

Public Prosecution Service

Public Prosecution Service expenses were $0.7 million or 3.5 per cent higher than estimate primarily due to operational pressures, including prosecuting services, legal services, transcripts, appeals and witness fees.

Service Nova Scotia

Service Nova Scotia expenses were $5.2 million or 5.1 per cent lower than estimate due to underspending in the Heating Assistance Rebate Program (HARP) of $1.6 million and general operating and salary savings of $3.6 million.

Other

Other Public Service expenses were $1.8 million lower than anticipated.

Transportation and Infrastructure Renewal

Department of Transportation and Infrastructure Renewal expenses were $19.5 million or 4.8 per cent higher than estimate primarily due to $23.0 million for increased snow removal costs, $0.9 million related to ferry damage that is fully recoverable, $0.8 million for additional ferry refit costs, and $1.3 million in additional third party recoverable work, partially offset by $6.5 million in vacancy management, operational savings, and lower amortization due to timing of capital asset projects.

Restructuring Costs

Overall, Restructuring expenses were $88.6 million or 39.0 per cent lower than estimate due to lower than anticipated funding requirements for corporate initiatives.

General Revenue Fund – Tangible Capital Assets

Gross Capital Purchases

The Province's policy is to capitalize the gross cost of its tangible capital assets. Recoveries from outside sources are recognized as revenue in the year the asset is purchased or constructed. Under the Province's tangible capital assets policy, a percentage of the original cost of an asset is charged to expenses in each year of the useful life of the asset. This charge, called amortization, does not commence until the asset is available for use. Departments are required to budget for tangible capital asset purchases and the resulting amortization from the acquisition of these assets.

The costs of the estimated tangible capital asset purchases are appropriated as the Capital Purchase Requirements, and the departmental details are noted below. Spending on Capital Purchase Requirements was $26.8 million lower than estimate primarily due to under spending of $12.5 million on information technology projects, unused contingency of $20.2 million, and net savings of $4.2 million in other areas. These savings were partially offset by increased capital purchases of $4.7 million on land and $5.4 million on vehicles, boats, and ferries.

Gross Capital Purchases
($ thousands)

	Estimate 2015	Actual 2015	Variance Increase (Decrease)
Agriculture	5,835	5,192	(643)
Communities, Culture and Heritage	—	5,535	5,535
Education and Early Childhood Development	89,900	88,319	(1,581)
Environment	630	1,414	784
Fisheries and Aquaculture	30	—	(30)
Health and Wellness	13,950	12,481	(1,469)
Internal Services	25,205	23,964	(1,241)
Justice	1,430	948	(482)
Labour and Advanced Education	950	—	(950)
Municipal Affairs	—	26	26
Natural Resources	4,840	5,473	633
Public Service	9,882	4,802	(5,080)
Transportation and Infrastructure Renewal			
Highways and Bridges	235,000	233,690	(1,310)
Buildings and Infrastructure	46,836	46,004	(832)
Cash Flow Contingency	20,207	—	(20,207)
Total Gross Capital Purchases	454,695	427,848	(26,847)

Amortization

The schedule below reflects the current year's estimate and actual amortization charged to operations of the General Revenue Fund for tangible capital assets acquired in 2015 and prior years. Annual amortization expense is calculated on a declining balance basis for most assets of the General Revenue Fund. Capital leases are amortized on a straight-line basis over the length of each lease.

Amortization
($ thousands)

	Estimate 2015	Actual 2015	Variance Increase (Decrease)
Agriculture	147	166	19
Communities, Culture and Heritage	2,448	81	(2,367)
Community Services	574	574	—
Economic and Rural Development and Tourism	304	304	—
Education and Early Childhood Development	71,183	70,581	(602)
Energy	1	1	—
Environment	100	110	10
Fisheries and Aquaculture	63	57	(6)
Health and Wellness	18,096	18,168	72
Internal Services	12,569	11,081	(1,488)
Justice	2,464	2,447	(17)
Labour and Advanced Education	6,357	6,358	1
Municipal Affairs	269	264	(5)
Natural Resources	1,520	1,474	(46)
Public Service	3,776	2,428	(1,348)
Transportation and Infrastructure Renewal	186,097	181,657	(4,440)
Total Amortization	305,968	295,751	(10,217)

Additional Appropriations

Relative to the *Appropriations Act, 2014* for the fiscal year ended March 31, 2015

($ thousands)

Res	Appropriation Area	Original Estimate	Additional Approved	Actual	Variance	Final Additional Appropriation Required
	Departmental Expenses					
1	Agriculture	60,968	12,159	73,116	(11)	—
2	Communities, Culture and Heritage	61,256	—	57,840	(3,416)	—
3	Community Services	903,496	16,596	919,978	(114)	—
4	Economic and Rural Development and Tourism	141,607	18,725	163,545	3,213	3,214
5	Education and Early Childhood Development	1,220,027	—	1,222,394	2,367	2,367
6	Energy	32,085	—	31,712	(373)	—
7	Environment	26,484	—	25,894	(590)	—
8	Finance and Treasury Board	13,529	—	12,656	(873)	—
10	Fisheries and Aquaculture	9,622	—	9,411	(211)	—
11	Health and Wellness	4,104,920	—	4,076,944	(27,976)	—
12	Internal Services	115,022	37,267	154,448	2,159	2,160
13	Justice	322,476	—	322,156	(320)	—
14	Labour and Advanced Education	348,420	—	346,724	(1,696)	—
15	Assistance to Universities	372,941	—	370,721	(2,220)	—
16	Municipal Affairs	157,792	—	150,523	(7,269)	—
17	Natural Resources	89,242	—	88,468	(774)	—
18	Aboriginal Affairs	3,662	—	3,296	(366)	—
19	Communications Nova Scotia	7,492	—	5,968	(1,524)	—
20	Elections Nova Scotia	3,424	—	3,369	(55)	—
21	Executive Council	7,170	—	6,349	(821)	—
22	FOIPOP Review Office	565	—	560	(5)	—
23	Government Contributions to Benefit Plans	9,038	—	6,246	(2,792)	—
24	Human Rights Commission	2,509	—	2,482	(27)	—
25	Intergovernmental Affairs	3,028	—	2,969	(59)	—
26	Legislative Services	22,756	—	21,059	(1,697)	—
27	Nova Scotia Business Inc.	20,946	—	21,395	449	449
28	Nova Scotia Police Complaints Commissioner	432	—	416	(16)	—
29	Nova Scotia Securities Commission	2,744	—	2,628	(116)	—
30	Nova Scotia Utility and Review Board	1,970	—	1,970	—	—
31	Office of Immigration	7,588	—	6,850	(738)	—
32	Office of the Auditor General	3,716	—	3,479	(237)	—
33	Office of the Ombudsman	1,682	—	1,385	(297)	—
34	Public Prosecution Service	21,137	—	21,871	734	734
35	Public Service Commission	18,190	—	17,690	(500)	—
36	Service Nova Scotia	102,102	—	96,905	(5,197)	—
37	Seniors	1,862	—	1,431	(431)	—
38	Transportation and Infrastructure Renewal	402,489	12,408	421,946	7,049	7,049
39	Restructuring Costs	227,251	—	138,683	(88,568)	—
	Total Departmental Expenses	8,851,640	97,155	8,815,477	(133,318)	15,973

Additional Appropriations (continued)

Relative to the *Appropriations Act, 2014* for the fiscal year ended March 31, 2015

Res	Appropriation Area *($ thousands)*	Original Estimate	Additional Approved	Actual	Variance	Final Additional Appropriation Required
	Other Appropriations					
9	Debt Servicing Costs	877,983	—	874,053	(3,930)	—
38	Refundable Tax Credits	115,566	11,486	133,980	6,928	6,928
39	Pension Valuation Adjustment	90,505	—	78,370	(12,135)	—
	Total Other Appropriations	1,084,054	11,486	1,086,403	(9,137)	6,928
	Statutory Capital					
40	Capital Purchase Requirements	454,695	—	427,848	(26,847)	—
41	Sinking Fund Installments and Serial Retirements	57,968	—	57,967	(1)	—
	Total Statutory Capital	512,663	—	485,815	(26,848)	—
	Total Additional Appropriations		108,641			22,901

Note: Section 28(4) of the Finance Act requires that any final additional appropriation required for year-end adjustments be made to Governor-in-Council no later than 15 days after the date of the tabling of the Public Accounts.

Additional Appropriations Approved During 2015

Additional appropriations, as indicated in the table above, were approved during the year. The details of these additional requests were as follows:

($ thousands)	Order in Council	Amount
Economic and Rural Development and Tourism	2014-399	1,791
Internal Services	2014-399	4,084
Agriculture	2014-496	9,859
Community Services	2014-496	4,116
Economic and Rural Development and Tourism	2014-496	5,000
Internal Services	2014-496	1,741
Agriculture	2015-113	2,300
Community Services	2015-113	12,480
Economic and Rural Development and Tourism	2015-113	11,934
Transportation and Infrastructure Renewal	2015-113	12,408
Refundable Tax Credits	2015-113	11,486
Internal Services	2015-114	31,442
Total Additional Appropriations Approved		108,641

General Revenue Fund – Debt Servicing Costs

Gross debt servicing costs of the General Revenue Fund in 2015 were $874.1 million, which was $3.9 million or 0.4 per cent lower than estimate and $16.7 million or 2.0 per cent higher than the prior year. The decrease from estimate was due to savings of $1.9 million in interest costs associated with pension, retirement and other obligations. Interest on long-term debt was $2.0 million lower than estimate as a result of the continued low interest rates and delayed timing of term debt issuance.

Debt Servicing Costs

($ thousands)

	Estimate 2015	Actual 2015	Actual 2014	Actual vs Estimate Increase (Decrease)
Interest on Long-Term Debt	731,030	729,001	724,607	(2,029)
General Interest	11,893	11,918	5,524	25
Interest on Pension, Retirement and Other Obligations	135,060	133,134	127,186	(1,926)
Debt Servicing Costs - Gross	**877,983**	**874,053**	**857,317**	**(3,930)**
Less: Sinking Fund Earnings	106,197	103,892	111,470	(2,305)
Debt Servicing Costs - Net	771,786	770,161	745,847	(1,625)

Debenture Debt

The General Revenue Fund's net debenture debt (outstanding debentures less Sinking Fund and Public Debt Management Fund assets) was $13.0 billion in Canadian dollar equivalents at March 31, 2015 (2014 – $12.6 billion).

The Province of Nova Scotia provides sinking fund installments for certain term debt issues. Annual sinking fund installments generally range from 1.0 per cent to 3.0 per cent of the original issue, but may vary slightly from year to year based on actual and anticipated rates of return on sinking fund assets. Installments are designed to fully fund the issue over the life of the debt. Sinking Fund and Public Debt Management Fund assets are used solely for debt retirement.

Outstanding Debentures – (CDN$ Equivalents)

($ thousands)

	Actual 2015	Actual 2014
Debentures Payable in Canadian Dollars		
Canada Pension Plan Investment Fund	1,079,352	1,079,352
Other Issues	14,557,378	14,007,378
Less: Sinking Funds and Public Debt Management Fund	(2,675,796)	(2,531,101)
Net Debenture Debt	12,960,934	12,555,629

General Revenue Fund – Annual Borrowing Plan

Section 35 of the *Finance Act* provides for Governor-In-Council approval of an annual borrowing plan submitted by the Minister of Finance and Treasury Board. In 2015, the Minister was granted approval for a $1,500 million borrowing plan. The requested authority was larger than the borrowing program stated in the 2015 Estimates in the event that circumstances arose requiring the Province to borrow monies in excess of projected requirements, or financial markets were favourable and the Province deemed it prudent to pre-borrow for future years.

The Province took advantage of the opportunities to issue a number of public debt issues and floating interest rate notes, borrowing a total of $1,100 million in 2015.

CONSOLIDATED FINANCIAL STATEMENTS

for the fiscal year ended March 31, 2015

Statement of Responsibility

for the Consolidated Financial Statements of the Province of Nova Scotia

Responsibility for the integrity, objectivity and fair presentation of the consolidated financial statements of the Province of Nova Scotia rests with the government. These financial statements are prepared on behalf of the Minister and Deputy Minister of Finance and Treasury Board by the Controller in accordance with the accounting principles recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada), supplemented where appropriate by other CPA Canada and International Federation of Accountants accounting standards or pronouncements.

The consolidated financial statements include a Consolidated Statement of Financial Position, Consolidated Statement of Operations and Accumulated Deficits, Consolidated Statement of Changes in Net Debt, and Consolidated Statement of Cash Flow. They present fairly, in all material respects, the financial position and the results of operations for the year ended March 31, 2015. The government is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded, and financial records are properly maintained.

Under the mandate in Section 19 of the *Auditor General Act*, the Auditor General of Nova Scotia provides an independent opinion on the consolidated financial statements prepared by the government.

Geoff Gatien

Geoffrey Gatien, CPA, CA
Controller

5161 George Street
Royal Centre, Suite 400
Halifax, Nova Scotia
B3J 1M7

Auditor General of Nova Scotia

INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia:

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Province of Nova Scotia, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and accumulated deficits, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Government's Responsibilities for the Consolidated Financial Statements

The Government of Nova Scotia is responsible for the preparation and fair representation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles for the public sector and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Province of Nova Scotia as at March 31, 2015, and its consolidated financial performance and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for the public sector.

Michael A. Pickup, CPA, CA
Auditor General of Nova Scotia

July 23, 2015
Halifax, Nova Scotia

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Statement 1

Province of Nova Scotia
Consolidated Statement of Financial Position
As at March 31, 2015
($ thousands)

	2015	2014 *(as restated)*
Financial Assets		
Cash and Short-Term Investments	605,283	645,206
Accounts Receivable	777,431	769,169
Inventories for Resale	7,203	8,403
Loans Receivable (Schedule 3)	2,372,800	2,134,742
Investments (Schedule 3)	123,494	148,724
Investment in Government Business Enterprises (Schedule 6)	158,587	141,440
Assets Held for Sale (Note 4)	—	2,507
	4,044,798	3,850,191
Liabilities		
Bank Advances and Short-Term Borrowings	549,908	539,565
Accounts Payable and Accrued Liabilities	1,931,645	2,030,107
Deferred Revenue (Note 5)	231,288	230,900
Accrued Interest	215,820	209,736
Unmatured Debt (Schedules 4 and 5)	13,434,240	12,991,397
Unamortized Foreign Exchange Translation Gains and Losses, Premiums and Discounts	136,207	149,928
Federal Equalization Repayable Loan (Note 6)	12,032	24,064
Pension, Retirement and Other Obligations (Note 7)	2,564,273	2,436,241
	19,075,413	18,611,938
Net Debt	(15,030,615)	(14,761,747)
Non-Financial Assets		
Tangible Capital Assets (Schedule 7)	5,686,606	5,563,901
Inventories of Supplies	55,843	54,763
Prepaid Expenses	15,238	13,848
	5,757,687	5,632,512
Accumulated Deficits	(9,272,928)	(9,129,235)

Accounting Changes (Note 2)
Restricted Assets (Note 3)
Contingencies and Contractual Obligations (Note 12)
Trust Funds under Administration (Note 14)

The accompanying notes and schedules are an integral part of these Consolidated Financial Statements

Statement 2

Province of Nova Scotia
Consolidated Statement of Operations and Accumulated Deficits
For the fiscal year ended March 31, 2015
($ thousands)

	Adjusted Estimate 2015	Actual 2015	Actual 2014
Revenue (Schedule 1)			*(as restated)*
Provincial Sources			
Tax Revenue	5,124,405	5,242,938	4,791,787
Other Provincial Revenue	1,387,748	1,463,301	1,322,979
Net Income from Government Business Enterprises (Schedule 6)	340,391	351,395	351,257
Investment Income	187,297	197,670	202,124
	7,039,841	7,255,304	6,668,147
Federal Sources	3,367,398	3,379,923	3,392,055
Total Revenue	10,407,239	10,635,227	10,060,202
Expenses (Schedule 2)			
Agriculture	63,997	75,546	65,498
Communities, Culture and Heritage	63,915	59,572	59,750
Community Services	1,020,924	1,047,153	1,004,269
Economic and Rural Development and Tourism	188,658	220,802	187,032
Education and Early Childhood Development	1,525,720	1,563,948	1,495,259
Energy	33,783	32,898	31,513
Environment	73,275	74,248	72,189
Finance and Treasury Board	15,465	12,496	13,048
Fisheries and Aquaculture	9,922	9,790	9,398
Health and Wellness	4,265,913	4,313,155	4,213,490
Internal Services	113,100	152,875	126,719
Justice	323,775	322,730	302,677
Labour and Advanced Education	399,403	399,323	416,266
Assistance to Universities	372,941	370,721	336,749
Municipal Affairs	165,484	152,143	186,221
Natural Resources	94,275	92,574	86,724
Public Service	222,063	209,295	210,031
Seniors	1,862	1,424	1,813
Transportation and Infrastructure Renewal	401,653	421,332	393,348
Restructuring Costs	227,251	138,683	148,721
Pension Valuation Adjustment (Note 7)	90,505	78,370	388,160
Refundable Tax Credits	115,566	133,980	101,983
Debt Servicing Costs (Note 8)	896,745	895,862	886,195
Total Expenses (Note 9)	10,686,195	10,778,920	10,737,053
Provincial Deficit	(278,956)	(143,693)	(676,851)
Accumulated Deficits, Beginning of Year			
As Previously Reported		(9,149,164)	(8,470,273)
Accounting Changes (Note 2)		19,929	17,889
As Restated		(9,129,235)	(8,452,384)
Accumulated Deficits, End of Year		(9,272,928)	(9,129,235)

The accompanying notes and schedules are an integral part of these Consolidated Financial Statements

Statement 3

Province of Nova Scotia
Consolidated Statement of Changes in Net Debt
For the fiscal year ended March 31, 2015
($ thousands)

	Adjusted Estimate 2015	Actual 2015	Actual 2014 *(as restated)*
Net Debt, Beginning of Year	(14,761,747)	(14,761,747)	(13,942,372)
Changes in the Year			
Provincial Deficit	(278,956)	(143,693)	(676,851)
Acquisitions and Transfers of Tangible Capital Assets	(534,995)	(542,239)	(545,850)
Amortization of Tangible Capital Assets	418,091	410,637	397,756
Disposals of Tangible Capital Assets	—	8,897	2,264
Acquisitions of Inventories of Supplies	—	(1,080)	(2,282)
Use (Acquisitions) of Prepaid Expenses	—	(1,390)	5,588
Total Changes in the Year	(395,860)	(268,868)	(819,375)
Net Debt, End of Year	(15,157,607)	(15,030,615)	(14,761,747)

The accompanying notes and schedules are an integral part of these Consolidated Financial Statements

NOVA SCOTIA

Statement 4

Province of Nova Scotia
Consolidated Statement of Cash Flow
For the fiscal year ended March 31, 2015
($ thousands)

	2015	2014 *(as restated)*
Operating Transactions		
Provincial Deficit	(143,693)	(676,851)
Sinking Fund and Public Debt Management Fund Earnings	(103,892)	(111,470)
Amortization of Premiums and Discounts on Unmatured Debt	(863)	(2,595)
Amortization of Tangible Capital Assets	410,637	397,756
Net Income from Government Business Enterprises	(351,395)	(351,257)
Profit Distributions from Government Business Enterprises	334,248	321,974
Gain on Disposal of Tangible Capital Assets	(2,706)	(2,955)
Net Change in Other Items (Note 10)	39,360	752,428
	181,696	327,030
Investing Transactions		
Repayment of Loans	350,183	317,383
Advances and Investing	(590,482)	(439,843)
Write-offs	27,471	10,953
	(212,828)	(111,507)
Capital Transactions		
Acquisition of Tangible Capital Assets	(542,239)	(545,850)
Proceeds from Disposal of Tangible Capital Assets	11,603	5,219
	(530,636)	(540,631)
Financing Transactions		
Debentures Issued	1,186,667	964,771
Repayment of Federal Equalization Repayable Loan	(12,032)	(12,033)
Foreign Exchange Amortization	(19,233)	(17,172)
Sinking Fund Withdrawals (Installments)	(40,807)	274,551
Repayment of Debentures and Other Long-Term Obligations	(592,750)	(1,014,005)
	521,845	196,112
Cash Inflows (Outflows)	(39,923)	(128,996)
Cash Position, Beginning of Year	645,206	774,202
Cash Position, End of Year	605,283	645,206
Cash Position Represented by:		
Cash and Short-Term Investments	605,283	645,206

The accompanying notes and schedules are an integral part of these Consolidated Financial Statements

Province of Nova Scotia
Notes to the Consolidated Financial Statements
As at March 31, 2015

1. Financial Reporting and Accounting Policies

The Province's financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector, which are represented by the Public Sector Accounting Standards (PSAS) of the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada), supplemented where appropriate by other accounting standards of CPA Canada and the International Federation of Accountants.

The consolidated financial statements are prepared using the following significant accounting policies:

(a) Government Reporting Entity

The government reporting entity (GRE) is comprised of the General Revenue Fund, other governmental units (GUs), government business enterprises (GBEs), and the Province's proportionate share of government partnership arrangements (GPAs). GUs and GBEs represent the entities that are controlled by the government. Control is defined as the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the government from the other organization's activities. Control exists regardless of whether the government chooses not to exercise its power to govern so long as it has the ability to govern. Control must exist at the financial statement date, without the need to amend legislation or agreements. GPAs represent entities for which decision making and significant risks and benefits are shared with other parties outside of the GRE.

Trusts administered by the Province are excluded from the GRE and are disclosed in Note 14 for information purposes only.

(b) Principles of Consolidation

A GBE is a self-sustaining organization that has the financial and operating authority to sell goods and services to individuals and non-government organizations as its principal activity and source of revenue. GBEs are accounted for on the modified equity basis. Their accounting principles are not adjusted to conform with those of the Province. The total net assets of all GBEs are included under Investment in GBEs on the Consolidated Statement of Financial Position. The total net income from all GBEs is reported as a separate item on the Consolidated Statement of Operations and Accumulated Deficits.

A GPA is a contractual arrangement between the government and a party or parties outside the GRE. The partners have significant clearly defined common goals, make a financial investment in the partnership, share control of decision making, and share, on an equitable basis, the significant risks and benefits associated with the operations of the government partnership. Where significant, the government's interest in partnerships is accounted for using the proportionate consolidation method.

A GU is a government organization that is not a GBE or a GPA. GUs include government departments, public service units, funds, agencies, boards, commissions, government not-for-profit organizations, and service organizations. The accounts of GUs are consolidated on a line-by-line basis after adjusting the accounting policies to be consistent with those described in Note 1(d). Significant inter-organization balances and transactions are eliminated.

A complete listing of the organizations within the Province's GRE is provided in Schedule 10.

1. Financial Reporting and Accounting Policies (continued)

(c) Presentation of Estimates

Each year, the Province prepares an annual budget, referred to as the Estimates, which represents the financial plan of the Province presented by the government to the House of Assembly for the fiscal year commencing April 1. The Estimates, forming the basis of the *Appropriations Act*, are prepared primarily for the management and oversight of the General Revenue Fund based upon the government's policies, programs, and priorities. Impacts of consolidation are summarized in the Estimates and included on a net basis as Consolidation and Accounting Adjustments.

For consolidation purposes, the Estimates were adjusted on a line-by-line basis to gross up the associated revenues and expenses of the consolidated entities in order to be comparative with these consolidated financial statements.

(d) Significant Accounting Policies

Revenues
Revenues are recorded on the accrual basis. The main components of revenue are various taxes, legislated levies, program recoveries, user fees, and investment income. Revenues from Personal and Corporate Income Taxes, as well as Harmonized Sales Tax and Petroleum Royalties, are accrued in the year earned based upon estimates using statistical models. Tax revenues are recorded at the amount estimated, after considering certain adjustments for non-refundable tax credits and other adjustments from the federal government. Refundable tax credits are not recognized as a reduction of tax revenues. Petroleum Royalties may be reduced by a portion of estimated abandonment costs for the future decommissioning or restoration of offshore field assets.

Government transfers are recognized as revenue in the period during which the transfer is authorized and all eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recorded as deferred revenue and are recognized as revenue when the funds are used as intended.

Expenses
Expenses are recorded on the accrual basis and are reported in more detail in Note 9, Expenses by Object. Grants and other government transfers are recognized as expenses in the period at the earlier of: 1) the transfer being authorized and all eligibility criteria are met by the recipients and 2) time of the payment.

Provisions are made for probable losses on certain loans, investments, loan guarantees, accounts receivable, advances, forgivable loans, and for contingent liabilities when it is likely that a liability exists and the amount can be reasonably determined. These provisions are updated as estimates are revised, at least annually.

Financial Assets
Cash and Short-Term Investments are recorded at cost, which approximate market value, and include R-1 (low, middle, high) rated federal and provincial government bills or promissory notes, bankers' acceptances, term deposits, and commercial paper. Terms of investments are generally 1 to 90 days. The weighted average interest rate of short-term investments was 0.79 per cent at year-end.

Province of Nova Scotia
Notes to the Consolidated Financial Statements
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1. Financial Reporting and Accounting Policies (continued)

Accounts Receivable and Advances are recorded at the principal amount less valuation allowances.

Inventories for Resale are held for sale in the ordinary course of operations and are recorded at the lower of cost and net realizable value.

Loans Receivable are recorded at cost less adjustments for concessionary assistance and any prolonged impairment in value. Concessionary assistance consists of subsidies provided by the Province and is recognized as an expense at the date of issuance of the loan. Any loan write-offs must be approved by the Governor-in-Council. Loans usually bear interest at approximate market rates and normally have fixed repayment schedules.

Investments are recorded at cost less adjustments for concessionary assistance and any prolonged impairment in value. Concessionary assistance consists of subsidies provided by the Province and is recognized as an expense at the date of issuance of the investment. Any write-down of an investment to reflect a loss in value is not reversed if there is a subsequent increase in value.

Liabilities
Bank Advances and Short-Term Borrowings have initial maturities of one year or less and are recorded at cost, which approximates market value. At year-end, short-term Canadian dollar borrowings had a weighted average interest rate of 0.93 per cent.

A Liability for Contaminated Sites is recognized when an existing environmental standard is exceeded, the Province is directly responsible or accepts responsibility, the Province expects to remediate and give up future economic benefits, and a reasonable estimate of the amount can be made. The liability is measured based on the best estimate of the expenditures required to complete the remediation, net of any expected recoveries. Contaminated sites are a result of any chemical, organic, radioactive material or live organism being introduced directly or via the air into soil, water, or sediment that exceeds an environmental standard.

Deferred Revenue is recorded when funds received are restricted by external parties for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized into revenue over time as the recognition criteria are achieved or is drawn down to reimburse third parties as conditions are met.

Unmatured Debt is comprised of debentures and various loans in Canadian and foreign currencies, as well as capital leases. Debt is recorded at par, net of sinking funds (including Public Debt Management Funds).

Hedge accounting is used when financial instruments form a hedging relationship, the relationship is highly effective, and it is considered to be consistent with the Province's financial risk management goals. To have reasonable assurance of the effectiveness of a hedging relationship, the Province must expect the relationship to be effective in achieving offsetting changes in the fair value or cash flows of the hedged item and the hedging item. Effectiveness requires a high correlation of changes in fair values or cash flows. To ensure hedge effectiveness, the Province employs non-speculative derivatives that match the critical terms of the underlying hedged item.

Province of Nova Scotia
Notes to the Consolidated Financial Statements
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1. Financial Reporting and Accounting Policies (continued)

Hedging relationships include synthetic instruments, which involve relationships between two or more assets or liabilities with matching terms for the purpose of emulating the net cash flows or other characteristics of a single asset or liability. Synthetic instrument accounting is used to account for the assets and liabilities in a synthetic instrument relationship as though they were the item being emulated.

Sinking Fund and Public Debt Management Fund investments are recorded at cost and consist primarily of debentures of the Province of Nova Scotia, other provincial governments, and the Government of Canada. Premiums and discounts on sinking funds are deferred and amortized over the life of the investment. Amortization and realized gains and losses for premiums and discounts relating to sinking fund balances and installments are netted against sinking fund earnings.

Unamortized Foreign Exchange Translation Gains and Losses result when debentures payable in foreign currencies and sinking funds invested in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at March 31 and upon entering into derivative contracts. Foreign exchange gains and losses on the translation of foreign currency are amortized on a straight-line basis over the remaining term of the related monetary item.

Premiums and Discounts, as well as underwriting commissions relating to the issuance of debentures, are deferred and amortized over the term of the related debt. Amortization and realized foreign exchange gains and losses, premiums and discounts relating to debt balances, serial retirements, sinking fund balances, and installments are charged to debt servicing costs except as noted above.

Pension, Retirement and Other Obligations include various employee future benefit plans, including accumulated sick leave benefits, where responsibility for the provision of benefits rests with the Province. Liabilities for these plans are calculated using the projected benefit actuarial method using accounting assumptions that reflect the Province's best estimates of performance over the long-term. The projected benefit actuarial method attributes the estimated cost of benefits to the periods of employee service. The net liability represents accrued employee benefits less the market related value of plan assets (if applicable) and the balance of unamortized experience gains and losses. The market related values are determined in a rational and systematic manner so as to recognize asset market value gains and losses over a five-year period.

Contingent Liabilities, including provisions for losses on loan guarantees, are potential obligations that may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements. In cases where an accrual is made, but exposure exists beyond the amount accrued, this excess exposure would also be disclosed, unless the impact is immaterial or the disclosure would have an adverse effect on the outcome of the contingency.

Net Debt

Net Debt represents the total liabilities of the Province less its financial assets. Net debt is the accumulation of current and past annual surpluses and deficits and net investments in non-financial assets.

Province of Nova Scotia
Notes to the Consolidated Financial Statements
As at March 31, 2015

1. Financial Reporting and Accounting Policies (continued)

Non-Financial Assets
Tangible Capital Assets have useful lives extending beyond the accounting period, are held for use in the production and supply of goods and services, and are not intended for sale in the ordinary course of operations. Tangible capital assets are recorded at gross historical cost (or estimated cost when the actual cost is unknown) and include all costs directly attributable to the acquisition, construction, development, and installation of the tangible capital asset, except interest. Tangible capital assets include land, buildings, major equipment and software, vehicles, ferries, roads, highways, and bridges.

Tangible capital assets do not include intangibles or assets acquired by right, such as forests, water and mineral resources, or works of art and historical treasures. Tangible capital assets are amortized to expense over the useful lives of the assets. The amortization methods and rates applied by the other governmental units are not adjusted to the methods and rates used by the General Revenue Fund.

Inventories of Supplies are held for consumption or use by the Province in the course of its operations and are recorded at the lower of cost and current replacement cost.

Prepaid Expenses are cash disbursements for goods or services, other than tangible capital assets and inventories of supplies, that will provide economic benefits in one or more future periods. The prepaid amount is recognized as an expense in the year the good or service is used or consumed.

Accumulated Deficits
Accumulated Deficits represent the total liabilities of the Province less financial assets and non-financial assets. This represents the cumulative balance of net surpluses and deficits arising from the operations of the Province.

(e) Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recorded in the financial statements is known as measurement uncertainty. Many items are measured using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Uncertainty exists whenever estimates are used because it is reasonably possible that there could be a material difference between the recognized amount and another reasonably possible amount.

Measurement uncertainty exists in the accruals for such items as pension, retirement and other obligations, liabilities for contaminated sites, and federal and provincial source revenues. The nature of the uncertainty in the accruals for pension, retirement and other obligations arises because actual results may differ significantly from the Province's various assumptions about plan members and economic conditions in the marketplace. Uncertainty exists in the liabilities for contaminated sites because the actual extent of the remediation activities, methods, and site contamination may differ significantly from the Province's original remediation plans. Uncertainty related to Income and Sales Taxes, petroleum royalties, Canada Health Transfer, and Canada Social Transfer arises because of the possible differences between the estimated and actual economic growth and other assumptions used in statistical models to accrue these revenues.

2. Accounting Changes

An accounting change was made during the year that has the following impact:

($ thousands)	2015		2014		
	Net Debt April 1, 2014	Accumulated Deficits April 1, 2014	Provincial Deficit	Net Debt April 1, 2013	Accumulated Deficits April 1, 2013
CDHA Correction of Prior Period Error	—	19,929	2,040	—	17,889

Capital District Health Authority (CDHA) determined that in 2004 a building was erroneously capitalized with a service life of 10 years instead of 50 years. As a consequence, accumulated depreciation and depreciation expense for the years ended March 31, 2004 through 2014 were overstated. The service life of the asset together with the effects of accumulated depreciation were corrected retroactively by way of a prior period adjustment in the current year. As a result, the opening accumulated deficits in 2014 decreased by $17.9 million, amortization expense decreased by $2.0 million, and the provincial deficit decreased by $2.0 million. The current year impact was a decrease of $19.9 million to opening accumulated deficits and a corresponding increase in the net book value of tangible capital assets with no impact to net debt in the current or prior years.

The Province adopted a new public sector accounting standard, PS 3260 – Liability for Contaminated Sites, effective April 1, 2014 as directed by PSAB. The standard establishes how to account for and report a liability associated with the remediation of contaminated sites. Application of this standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination. Due to previously existing liability recognition policies, adoption of this new standard did not result in a change to the Province's results in prior years. Specific disclosures are provided in Note 11, Contaminated Sites.

3. Restricted Assets

As at March 31, 2015, assets of $59.5 million (2014 – $57.0 million) were designated for restricted purposes by parties external to the Province. Restricted cash and short-term investments totaled $4.6 million (2014 – $6.3 million), comprised of: $2.6 million (2014 – $2.6 million) for gas market development as part of the Nova Scotia Market Development Initiative Fund, $1.2 million (2014 – $1.4 million) for endowment and scholarship funds, and $0.8 million (2014 – $2.3 million) for various other purposes.

Restricted investments totaled $54.9 million (2014 – $50.7 million), comprised of: $33.5 million (2014 – $31.3 million) for CDHA's Centre for Clinical Research, $9.8 million (2014 – $9.5 million) for other CDHA purposes, $9.0 million (2014 – $7.4 million) for endowment funds, and $2.6 million (2014 – $2.5 million) for various other purposes.

Externally restricted inflows not spent by year-end create a liability that will be settled by using the restricted assets for their intended purposes. The restricted assets described in this note are segregated from other assets and will be used as prescribed in a future period.

Province of Nova Scotia
Notes to the Consolidated Financial Statements
As at March 31, 2015

4. Assets Held for Sale

On December 10, 2012 (the "Acquisition Date"), the Province purchased 100 per cent of the outstanding shares of Bowater Mersey Paper Company (Bowater), along with its wholly owned subsidiary, Brooklyn Power Corporation (BPC), for cash consideration of one dollar plus acquisition costs of $1.3 million. The Province gained control of the entity with the full intention to manage the orderly wind-up of Bowater's operations. Effective December 11, 2012, Bowater's name was changed to Renova Scotia Bioenergy Inc. (Renova).

The net assets acquired on the Acquisition Date included total assets of $149.5 million and total liabilities assumed of $148.2 million. Since the Acquisition Date, Renova has disposed of all assets held for sale under the agreements and plans in place at the Acquisition Date including the sale of BPC and physical assets to third parties. Renova's interest in real property was transferred to Harbourside Commercial Park Inc. during the year.

At March 31, 2015, there were no assets classified as held for sale (2014 - $2.5 million). The wind-up of Renova is expected to be completed during the next fiscal year.

5. Deferred Revenue

The following balances are classified as deferred revenue:

($ thousands)	2015	2014
Housing Nova Scotia - Social Housing Agreement	57,824	64,850
Provincial-Territorial Base Funding Agreement - Infrastructure and Highways	43,964	36,200
Capital District Health Authority - Capital and Research Funds	43,723	41,196
Izaak Walton Killam Health Centre - Capital and Research Funds	23,279	23,567
Resource Recovery Fund Board Inc. - Unearned Revenue from Container Deposits, Paint Levies and Tire Deposits	15,387	14,304
Nova Scotia Community College	11,559	12,410
Seniors Pharmacare	5,458	6,496
Waterfront Development Corporation Limited	3,650	4,070
Halifax Regional School Board	3,648	3,644
Trade Centre Limited	3,103	2,659
Cape Breton District Health Authority	2,036	1,917
Public Archives of Nova Scotia	2,004	1,390
Annapolis Valley Regional School Board	1,942	1,765
Nova Scotia School Insurance Program	1,849	3,503
Nova Scotia Market Development Initiative Fund	1,511	2,738
Hepatitis C Federal Funding	1,000	200
Other Externally Restricted Funds	9,351	9,991
Total Deferred Revenue	231,288	230,900

6. Federal Equalization Repayable Loan

The Province received an equalization repayable loan from the federal government in March 2005 in the amount of $120.3 million. The loan bears no interest and is being repaid over 10 years, with bi-monthly deductions of $0.5 million that commenced in April 2006. As at March 31, 2015, the balance of the loan was $12.0 million (2014 - $24.1 million).

7. Pension, Retirement and Other Obligations

The Province offers a variety of pension and other retirement, post-employment, compensated absences (accumulated sick leave), and special termination benefits. The Province is responsible for adequately funding most of the plans. Except as otherwise noted, the cost of benefits are recognized in the periods the employee provides service. For benefits that do not vest or accumulate, a liability is recognized when an event that obligates the Province to pay benefits occurs.

(a) Description of Obligations

Pension Benefit Plans
The Province participates in two funded pension plans, the Nova Scotia Public Service Superannuation Plan (PSSP) and the Nova Scotia Teachers' Pension Plan (TPP). Both plans are defined benefit plans with plan assets primarily composed of Canadian and foreign equities, government and corporate bonds, debentures, secured mortgages, and real estate. The plans are jointly funded with contributions from employees being matched by the Province. Benefits paid upon retirement are based on an employee's length of service, rate of pay, and inflation adjustments.

On April 1, 2013, the PSSP transitioned to a joint governance structure where the Minister of Finance transferred responsibility for the PSSP to the Public Service Superannuation Plan Trustee Inc. (PSSPTI), the new trustee of the PSSP. PSSPTI is a body corporate comprised of 13 board members – six representing the Province as the employer, six representing the employees, and an independent chairperson. This detailed joint governance framework included in the *Financial Measures (2010) Act* was implemented by way of the *Financial Measures (2012) Act*.

Due to the plan amendments in 2014, the Province has no residual liability for the PSSP and therefore does not have an asset or liability associated with the PSSP recorded on its Consolidated Statement of Financial Position. This resulted in an immediate derecognition of the PSSP's $318.3 million accrued benefit asset, which was recorded as a pension valuation adjustment expense in 2014. The Province's pension expense for the PSSP is now limited to contributions paid to the PSSP as an employer, which are equal to the employee contributions. The contribution rate is set by PSSPTI pursuant to the legislated funding policy and is set for a five year cycle. Beginning in 2015, PSSPTI will review the funded health of the plan and implement any required changes as prescribed by the funding policy.

As at December 31, 2014, the PSSP was 104.7 per cent funded. Based on PSSPTI's review of the PSSP's funded health as at March 31, 2015, indexing of 0.85 per cent per year was approved for January 1, 2016 to December 31, 2020 and no changes to member and employer plan contributions were made. The Province's employer contributions to the PSSP in 2015 were $84.6 million (2014 - $81.7 million).

Province of Nova Scotia
Notes to the Consolidated Financial Statements
As at March 31, 2015

7. Pension, Retirement and Other Obligations (continued)

On April 1, 2006, the Minister of Finance transferred responsibility for the governance of the Nova Scotia Teachers' Pension Plan to the Teachers' Pension Plan Trustee Inc. (TPPTI). The TPPTI is the trustee for the plan and is comprised of nine board members – four nominated by the Nova Scotia Teachers' Union, four nominated by the Province, and one Chair agreed to by both parties. As a result of this transfer, the Province and Union agreed to share all surpluses and deficits of the plan equally. The Province accounts for one-half of all components of the accrued benefit liability associated with this plan in its financial statements. In addition, the Province recognizes one-half of components associated with the net benefit expense (recovery) associated with this plan. As at March 31, 2015, the total accrued benefit liability associated with this plan was $515.9 million (2014 – $436.3 million).

The Province has several unfunded defined pension plans. The majority of these plans do not require contributions from employees. Benefits paid upon retirement are based on an employee's length of service, rate of pay, and inflation adjustments.

Employees in the health sector are members of a multi-employer defined benefit pension plan. As the Province does not sponsor this plan, the annual net benefit plan expense is the amount of required contributions provided for employees' services rendered during the year. The accrued benefit asset (liability) of this plan is not recognized in these financial statements. The most recent actuarial valuation was performed on July 1, 2014 and extrapolated to December 31, 2014, which indicated a funding surplus of $1,190.1 million. The Province's employer contributions to this plan in 2015 were $100.3 million (2014 – $99.3 million).

Other Retirement Benefits
The Province sponsors two other retirement benefits: retirement allowances and retirement health plan benefits. These plans are not funded. Benefits paid upon retirement for retirement allowances are based on an employee's length of service and rate of pay. Retirement health plan benefits vary depending on the collective agreements negotiated with each group. The Province pays 65 per cent and 100 per cent of the cost of retirement health plan benefits for the PSSP and TPP retirees, respectively.

Post-Employment Benefits
The Province offers two significant post-employment benefits: Long-Term Disability and Self Insured Workers' Compensation. The amount recorded in these financial statements represents the actual amount of benefits paid during the year plus the actuarial estimate of future payments, based on claims ongoing at year-end. For the Long-Term Disability plan, the obligation is offset by the market related value of plan assets.

Accumulated Sick Leave Benefits
The Province's Regional School Boards, District Health Authorities, and Nova Scotia Community College have collective agreements containing sick leave provisions that accumulate but do not vest. Under Public Sector Accounting Standards, governments must measure and record an obligation associated with the accumulated sick leave benefits (ASLBs) that are anticipated to be used in future years. The Province's ASLBs are unfunded, meaning there are no assets set aside to cover the related costs of these benefits in the future.

7. Pension, Retirement and Other Obligations (continued)

Due to the nature of these benefits, a liability and expense are measured using actuarial valuations to estimate their financial value. An actuarial assumption must be developed to reflect the probability of employees actually using ASLB "banked days". This involves a detailed analysis of several years of data to determine historical usage. A historical usage pattern is not based on the data group as a whole but must take into account a number of specific factors such as, but not limited to, gender, age, and type of contract or job responsibilities, each of which may impact the anticipated amount of accumulated sick leave time to be taken in the future. As a result, the anticipated usage assumption may involve a number of criteria and circumstances that then must be applied to the data in coordination with other actuarial assumptions such as discount rate, retirement assumptions, future salary increases, mortality tables, etc.

The recording of liabilities for ASLBs in 2015 is based on actuarial valuations that were completed in 2012 and 2014 and extrapolated to March 31, 2015.

Special Termination Benefits
The Province has offered early retirement incentive programs to members of the PSSP and TPP at various times commencing in 1986 and 1994, respectively. Qualified members were offered additional years of pensionable service if they elected to retire. The cost of these benefits was accrued in the year the employee accepted the early retirement option.

Retirement Obligations of Renova Scotia Bioenergy Inc.
As part of the Province's acquisition of Renova, described in Note 4, there were unfunded pension liabilities associated with various pension plans and retirement health benefits. The net unfunded liabilities of these plans totaled $112.0 million as at December 10, 2012. Land and other assets were subsequently sold, and the proceeds were used to fund the liabilities. As at March 31, 2015, all liabilities in respect to the defined benefit pension plans have been settled and there are no remaining associated assets or liabilities. The net unfunded liability related to the retirement health benefits plan is $9.0 million and is included in these financial statements.

Province of Nova Scotia
Notes to the Consolidated Financial Statements
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7. Pension, Retirement and Other Obligations (continued)

(b) Summary of Activity During the Year

($ thousands)	**Pension Benefits 2015**	**Other Benefits 2015**	**Total 2015**	**Total 2014**
Projected Benefit Obligation, Beginning of Year	3,646,973	2,024,882	5,671,855	10,431,991
Current Benefit Cost	67,262	115,809	183,071	174,010
Interest Cost	217,754	81,894	299,648	290,151
Actuarial (Gains) Losses	94,026	(85,386)	8,640	131,819
Benefit Payments	(507,984)	(110,604)	(618,588)	(340,080)
Other	1,288	2,520	3,808	(722)
Plan Amendments	(21,300)	—	(21,300)	(5,015,314)
Projected Benefit Obligation, End of Year	3,498,019	2,029,115	5,527,134	5,671,855
Market Related Value of Plan Assets, Beginning of Year	2,646,564	136,304	2,782,868	7,255,814
Expected Return on Plan Assets	155,755	4,766	160,521	151,442
Actuarial Gains	51,629	324	51,953	83,124
Benefit Payments	(507,984)	(110,604)	(618,588)	(340,080)
Other	493	(513)	(20)	420
Plan Amendments	—	—	—	(4,584,312)
Employer Contributions	85,649	104,053	189,702	170,686
Employee Contributions	43,124	6,814	49,938	45,774
Market Related Value of Plan Assets, End of Year	2,475,230	141,144	2,616,374	2,782,868
Funded Status, End of Year	(1,022,789)	(1,887,971)	(2,910,760)	(2,888,987)
Unamortized Net Actuarial (Gains) Losses	413,659	(1,807)	411,852	515,131
Valuation Allowance	—	(65,365)	(65,365)	(62,385)
Accrued Benefit Liability, End of Year	(609,130)	(1,955,143)	(2,564,273)	(2,436,241)

7. Pension, Retirement and Other Obligations (continued)

(c) Actuarial Assumptions

The table below shows significant assumptions used to measure pension and other benefit plan obligations.

	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Long-term inflation rates	2.25%	2.25%	2.25%	2.25%
Expected real rate of return on plan assets:				
TPP	4.40%	4.50%		
Long-Term Disability Plan			1.22%	1.22%
Rate of compensation increase	2.25% + merit	2.00% to 3.00% + merit	2.25% + merit	2.00% to 3.00% + merit
Discount rates:				
TPP	6.75%	6.85%		
Long-Term Disability Plan			3.50%	3.50%
Other Plans			4.10%	4.10%

Other assumptions
6.8 per cent annual rate increase in the cost per person of covered healthcare benefits for 2014-15, decreasing to an ultimate rate of 4.5 per cent per annum over 14 years.

6.8 per cent annual rate increase in the cost per person of covered prescription drugs for 2014-15, decreasing to an ultimate rate of 4.5 per cent per annum over 14 years.

Actuarial assumptions are reviewed and assessed on a regular basis to ensure that the accounting assumptions take into account various changing conditions and reflect the Province's best estimate of performance over the long-term.

(d) Other Disclosure

The net unamortized actuarial gains (losses) are amortized on a straight-line basis over the expected average remaining service life (EARSL) of the related employee groups ranging from 4 years to 18 years (weighted-average EARSL is 15 years).

During the year, the weighted average actual rate of return on plan assets was 10.4 per cent (2014 – 12.4 per cent). The total market value of plan assets at March 31, 2015 was $5.1 billion (2014 – $4.8 billion).

The most recent actuarial valuations performed for most of the benefit plans was at December 31, 2013 with the exception of certain other retirement benefit plans that were performed on various dates and the post-employment benefit plans that are performed annually at March 31.

Province of Nova Scotia
Notes to the Consolidated Financial Statements
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7. Pension, Retirement and Other Obligations (continued)

(e) Net Benefit Plans Expense

The table below shows the components of the net benefit plans expense.

($thousands)			2015	2014
	Pension Benefits	Other Benefits	Total	Total
Current Benefit Cost	67,262	115,809	183,071	174,010
Employee Contributions	(43,643)	(6,828)	(50,471)	(46,295)
Employer Contributions *	41,488	—	41,488	36,998
Plan Amendments	99	(144)	(45)	318,261
Amortization of Net Actuarial Losses	26,456	12,495	38,951	22,923
Other	81	2,697	2,778	359
Increase in Valuation Allowance	—	2,980	2,980	5,910
Interest Cost	217,754	81,894	299,648	290,151
Expected Return on Plan Assets	(155,755)	(4,766)	(160,521)	(151,442)
Employer Contributions to Multi-Employer Plan	184,977	—	184,977	180,938
Net Benefit Plans Expense	338,719	204,137	542,856	831,813
Recorded as:				
Fringe Benefits Expense	258,228	67,131	325,359	304,944
Pension Valuation Adjustment	18,492	59,878	78,370	388,160
Net Pension Interest Cost	61,999	77,128	139,127	138,709
Net Benefit Plans Expense	338,719	204,137	542,856	831,813

* *This represents one-half of the employer contributions made by the Province to the TPP. Included in the figures above are one-half of all transactions associated with TPP to reflect the Province's share of this plan under joint trusteeship.*

8. Debt Servicing Costs

($ thousands)	2015	2014
CDN$ Denominated Debt	752,758	748,230
Pension, Retirement and Other Obligations	139,127	138,709
Capital Leases	13,075	14,743
Other Debt	12,876	8,257
Premium / Discount Amortization	(863)	(2,734)
Foreign Exchange	(21,111)	(21,010)
Total Debt Servicing Costs	895,862	886,195

Debt servicing costs for the Province's government business enterprises were $8.3 million (2014 – $12.3 million) for the year ended March 31, 2015.

9. Expenses by Object

($ thousands)	2015	2014 *(as restated)*
Grants and Subsidies	3,633,915	3,513,985
Salaries and Employee Benefits	3,877,692	4,074,028
Operating Goods and Services	1,656,669	1,572,600
Professional Services	301,146	288,880
Amortization	410,637	397,756
Debt Servicing Costs	895,862	886,195
Other	2,999	3,609
Total Expenses by Object	10,778,920	10,737,053

10. Cash Flow — Net Change in Other Items

($ thousands)	2015	2014
Change in Receivables from Government Business Enterprises	(2,112)	(37,161)
Change in Accounts Receivable	(6,150)	114,729
Change in Accounts Payable and Other Short-Term Borrowings	(88,119)	223,146
Change in Inventories for Resale	1,200	3,300
Change in Assets Held for Sale	2,507	28,059
Change in Inventories of Supplies	(1,080)	(2,282)
Change in Prepaid Expenses	(1,390)	5,588
Change in Deferred Revenue	388	(14,439)
Change in Accrued Interest	6,084	(11,814)
Change in Pension, Retirement and Other Obligations	128,032	443,302
Total Net Change in Other Items	39,360	752,428

11. Contaminated Sites

Various provincially owned sites throughout the province are considered environmental or contaminated sites. Studies are ongoing to assess the nature and extent of damage to develop remediation plans. Provisions for these costs are recorded when it is determined a liability exists and a reasonable estimate of the remediation costs can be made. As at March 31, 2015, a total liability for contaminated sites of $138.2 million (2014 - $107.2 million) has been recorded in Accounts Payable and Accrued Liabilities.

Engineering and environmental studies have generated estimates for the cost of remediation of the Sydney Steel Corporation (SYSCO) and adjacent sites as well as the Sydney Tar Ponds site. As a result, the Province recorded liabilities totaling $318.5 million in 2000 for environmental site clean-up. At March 31, 2015, $73.0 million (2014 - $75.6 million) remains unspent. The provision will continue to be utilized for future decommissioning, demolition, and remediation of SYSCO's and adjacent sites, including the Sydney Tar Ponds site. Based on currently available information, the provision, in aggregate, appears to be sufficient to cover the estimated costs to remediate these sites.

Province of Nova Scotia
Notes to the Consolidated Financial Statements
As at March 31, 2015

11. Contaminated Sites (continued)

Other remediation liabilities amounting to $65.2 million (2014 – $31.6 million) have also been recognized, and include $51.7 million (2014 – $20.0 million) for the remediation of Boat Harbour in Pictou County. The Province's estimate for the removal of effluent is based on environmental studies and engineering reports.

The Province has identified various other sites that may contain certain levels of contamination. No liability has been recognized for these sites as it is not known whether the extent of contamination exceeds an environmental standard, and the Province does not have a reasonable basis for measurement. The Province may record a liability if it is determined that contamination at any of these sites exceeds an environmental standard and a reasonable estimate of the related remediation costs can be made.

12. Contingencies and Contractual Obligations

(a) Contingent Liabilities

Lawsuits
The Province of Nova Scotia is involved in various legal proceedings arising from government activities. These disputes result from breaches of contract, damages suffered by individuals or property, and related elements. These claims include items with pleading amounts and items where an amount is not specified. While the total amount claimed in these actions may be significant, their outcomes are not certain.

When it is determined that a liability likely exists and the amount can be reasonably estimated, the amount is recorded as an accrued liability and an expense. The accrued liability for pending litigation in process at March 31, 2015 was $50.4 million (2014 – $48.7 million).

Guarantees
Guarantees by the Province are authorized by various acts of legislature and provided through specific agreements and programs to repay promissory notes, bank loans, lines of credit, mortgages, and other securities. Provisions for losses on guarantees are recorded when it is likely that a loss will occur. The amount of the loss provisions represents the Province's best estimate of future payments. Estimates take into consideration the nature of the loan guarantees, loss experience, and current conditions. The provisions are reviewed on an ongoing basis and changes in the provisions are recorded as expenses in the year they become known. Details on guarantees authorized, utilized, and accrued are presented in Schedule 8.

Other Contingent Liabilities
The Province also has contingent liabilities in the form of indemnities. The Province's potential liability, if any, cannot be determined at this time.

(b) Contingent Gains

The Province may receive funds in the future from recoveries of various types of claims paid out and other agreements pending the occurrence of certain events. Recoveries are recorded once the contingent events occur and collectability is reasonably assured.

12. Contingencies and Contractual Obligations (continued)

(c) Contractual Obligations

As at March 31, 2015, the Province has contractual obligations as follows:

($ thousands) **Fiscal Year**	**Governmental Units**	**Government Business Enterprises**	**Total Contractual Obligations**
2016	642,873	79,024	721,897
2017	562,124	76,197	638,321
2018	533,239	10,331	543,570
2019	512,457	2,176	514,633
2020	372,521	—	372,521
2021 to 2025	1,709,541	—	1,709,541
2026 to 2030	1,783,206	—	1,783,206
2031 to 2035	1,383,369	—	1,383,369
2036 and thereafter	254,057	—	254,057
	7,753,387	167,728	7,921,115

These contractual obligations are comprised of $7,609.4 million from the General Revenue Fund, $144.0 million from the Province's Governmental Units, and $167.7 million from the Government Business Enterprises. Included are contractual obligations from the Department of Health and Wellness of $3,876.2 million for service agreements with long-term care facilities and $473.4 million for the management of the ground ambulance fleet, $2,475.1 million from the Department of Justice for RCMP policing services, $159.6 million from the Department of Education and Early Childhood Development for P3 School maintenance agreements, $100.6 million from Nova Scotia Business Inc. for projects approved under its various programs, and $129.6 million from Halifax-Dartmouth Bridge Commission for the continued maintenance and capital improvement of the bridges.

Leases

As at March 31, 2015, the Province was contractually obligated under various operating leases. Future minimum annual lease payments are as follows:

($ thousands) **Fiscal Year**	**Governmental Units**	**Government Business Enterprises**	**Total Lease Payments**
2016	71,194	8,800	79,994
2017	60,949	7,246	68,195
2018	45,216	6,950	52,166
2019	36,289	6,819	43,108
2020	28,270	6,534	34,804
2021 to 2025	43,778	31,757	75,535
2026 to 2030	2,549	—	2,549
2031 to 2035	854	—	854
	289,099	68,106	357,205

Province of Nova Scotia
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As at March 31, 2015

13. Risk Management and the Use of Derivative Financial Instruments

As a result of borrowing in both Canadian and foreign financial markets and being a party to financial instruments, the Province is exposed to interest rate risk, foreign exchange risk, credit risk, and liquidity risk. The Province employs various risk management strategies and operates within fixed risk exposure limits to ensure exposure to risk is managed in a prudent and cost effective manner. A variety of strategies are used, including the use of derivative financial instruments (derivatives). Derivatives are financial contracts, the value of which is derived from underlying instruments. The Province uses derivatives to hedge and to mitigate foreign exchange risk and interest rate risk. The Province does not use derivatives for speculative purposes.

Interest rate risk

Interest rate risk is the risk that debt servicing costs will vary unfavourably due to fluctuations in interest rates. To reduce its exposure to interest rate risk, the Province uses derivatives to manage the fixed and floating interest rate mix of its debt portfolio. Interest rate contracts include swap agreements and options on swaps. These contracts are used to vary the amounts and periods for which interest rates on borrowings are fixed or floating.

As at March 31, 2015, the Province has executed 37 interest rate swap contracts to convert certain interest payments from fixed to floating, floating to fixed, and floating to floating. These swaps have terms remaining of 101 days to 14.6 years, a notional principal value of $1.5 billion, and a negative mark to market value of -$8.7 million.

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations. The Province manages its credit risk exposure from derivatives by, among other activities, dealing only with high credit quality counterparties and regularly monitoring compliance to credit limits. The Province's policy requires that a minimum credit rating for counterparties to derivative transactions be "A", where the minimum rating in the "A" category is "A-"or equivalent.

Liquidity risk

Liquidity risk is the risk that the Province will not be able to meet its financial commitments over the short-term. To reduce liquidity risk, the Province maintains liquid reserves (cash and cash equivalents) at levels that will meet future cash requirements and will give the Province flexibility in the timing of issuing debt. In addition, the Province has a short-term note program, uncommitted bank lines, and discretionary sinking funds as alternative sources of liquidity. This risk is also managed by distributing debt maturities over many years and having 50 per cent of long-term debt with a maturity of over 15 years.

Foreign exchange risk

Foreign exchange risk is the risk that the cash flows needed to repay the interest and principal on loans in foreign currencies will vary due to fluctuations in foreign exchange rates. To manage this risk, the Province uses derivative contracts to convert foreign currency principal and interest cash flows into Canadian dollar denominated cash flows. Derivative contracts hedge the underlying debt by matching the critical terms to achieve effectiveness. Foreign exchange contracts include swap agreements that are used to convert the liability for foreign currency borrowing and associated costs into Canadian dollars.

13. Risk Management and the Use of Derivative Financial Instruments (continued)

The Province has currency swap contracts which convert foreign denominated debt into Canadian dollar denominated debt as follows:

Termination Date	*Original Currency*	*Original Principal*	*Current Currency*	*Current Principal*	*Mark to Market* [1]
		($ thousands)		*($ thousands)*	*($ thousands)*
April 16, 2019	UK£	60,000	CDN$	114,387	(2,191)
Total	**UK£**	**60,000**	**CDN$**	**114,387**	**(2,191)**
July 21, 2015	US$	750,000	CDN$	771,750	184,608
March 15, 2016	US$	150,000	CDN$	205,725	(11,325)
January 26, 2017	US$	500,000	CDN$	562,470	112,423
February 1, 2019	US$	200,000	CDN$	198,000	60,449
July 1, 2019	US$	200,000	CDN$	199,900	52,041
November 15, 2019	US$	244,000	CDN$	246,318	64,116
March 1, 2020	US$	300,000	CDN$	409,200	(37,435)
May 1, 2021	US$	300,000	CDN$	312,002	75,693
April 1, 2022	US$	300,000	CDN$	379,517	2,154
July 30, 2022	US$	300,000	CDN$	329,310	48,130
Total	**US$**	**3,244,000**	**CDN$**	**3,614,192**	**550,854**

[1] Mark to Market is an indication of the swap's market value as at March 31, 2015. It is also the equivalent of the present value of future cash flows based on market conditions at March 31, 2015.

14. Trust Funds Under Administration

Trust fund assets solely administered by the Province are as follows:

($ thousands)	2015	2014
Sydney Steel Corporation Superannuation Plan *(1) (2)*	12	(6)
Nova Scotia Public Service Long Term Disability Plan *(1) (3)*	145,746	136,954
Nova Scotia Credit Union Deposit Insurance Corporation *(3)*	24,809	23,057
Public Trustee *(1)*	55,526	52,508
Miscellaneous Trusts *(4)*	31,833	31,838
Total Trust Funds Under Administration	257,926	244,351

(1) Financial statements of these funds are available in Public Accounts, Volume 2.
(2) Administration of the assets of Sydney Steel Corporation Superannuation Fund was assumed during 2001.
(3) These represent trusts with December 31 year-ends.
(4) Miscellaneous trusts include a large number of relatively small funds.

Province of Nova Scotia
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As at March 31, 2015

14. Trust Funds Under Administration (continued)

Other

The Nova Scotia Teachers' Union and the Province of Nova Scotia agreed to joint trusteeship of the Nova Scotia Teachers' Pension Fund effective April 1, 2006. Under joint trusteeship, the Trustee of the Fund is the Nova Scotia Teachers' Pension Plan Trustee Inc., of which the Province has four of nine members. The Trustee is responsible for the administration of the Fund and investment management of fund assets. Total net assets available for benefits as at December 31, 2014 were $4.7 billion (2013 – $4.6 billion).

Effective April 1, 2013, the Minister of Finance transferred responsibility of the Public Service Superannuation Plan to a new trustee, Public Service Superannuation Plan Trustee Inc. As a result of this transfer, the Province no longer has any responsibility for this plan. Total net assets available for benefits as at March 31, 2015 were $5.5 billion (2014 – $5.1 billion).

15. Related Party Transactions

Included in these consolidated financial statements are insignificant transactions with various provincial crown corporations, agencies, boards, and commissions. Significant related party transactions have been offset and eliminated for purposes of consolidated reporting. Parties are deemed to be related to the General Revenue Fund due to common control or ownership by the Province of Nova Scotia.

The most significant unadjusted related party transactions are described in more detail in Schedule 6 – Government Business Enterprises.

16. Comparative Figures

Certain of the prior year's figures have been reclassified to conform to the presentation format adopted in the current year.

Schedule 1

Revenue

For the fiscal year ended March 31, 2015

($ thousands)

	2015	2014
Provincial Sources		
Tax Revenue		
Personal Income Tax	2,334,136	2,130,543
Corporate Income Tax	543,376	407,971
Harmonized Sales Tax	1,749,866	1,620,772
Tobacco Tax	206,255	217,229
Motive Fuel Tax	248,274	246,800
Other Tax Revenue	161,031	168,472
	5,242,938	4,791,787
Other Provincial Revenue		
Recoveries	393,983	393,446
Other Revenue from Governmental Units	461,079	475,106
Municipal Contributions to School Boards	241,013	232,597
Petroleum Royalties	33,086	(124,819)
Registry of Motor Vehicles	123,032	120,506
Other Government Charges	62,249	59,996
Miscellaneous	146,105	161,686
Net Gain on Disposal of Crown Assets	2,754	4,461
	1,463,301	1,322,979
Net Income from Government Business Enterprises	351,395	351,257
Investment Income		
Interest Revenue	93,778	90,654
Sinking Fund and Public Debt Management Fund Earnings	103,892	111,470
	197,670	202,124
Total Provincial Sources	7,255,304	6,668,147
Federal Sources		
Equalization Payments	1,750,653	1,718,183
Canada Health Transfer	860,397	833,130
Canada Social Transfer	334,734	327,322
Recoveries	203,972	262,065
Offshore Accord	64,481	89,461
TCA Cost Shared Revenue	21,950	22,485
Crown Share	14,058	4,577
Other Federal Transfers	129,678	134,832
Total Federal Sources	3,379,923	3,392,055
Total Revenue	10,635,227	10,060,202

Schedule 2

Expenses

For the fiscal year ended March 31, 2015

($ thousands)

	2015	2014 *(as restated)*
Agriculture		
Department of Agriculture	68,426	56,634
Nova Scotia Crop and Livestock Insurance Commission	2,723	3,502
Nova Scotia Harness Racing Fund	984	1,001
Perennia Food and Agriculture Incorporated	3,413	4,361
	75,546	65,498
Communities, Culture and Heritage		
Department of Communities, Culture and Heritage	53,513	53,485
Art Gallery of Nova Scotia	3,710	3,371
Public Archives of Nova Scotia	123	111
Schooner Bluenose Foundation	94	21
Sherbrooke Restoration Commission	2,107	2,762
Vive l'Acadie Community Fund	25	—
	59,572	59,750
Community Services		
Department of Community Services	892,240	857,007
Housing Nova Scotia	154,913	147,262
	1,047,153	1,004,269
Economic and Rural Development and Tourism		
Department of Economic and Rural Development and Tourism	139,661	117,513
Bioscience Enterprise Centre Incorporated	2	3
Film and Creative Industries Nova Scotia	4,973	6,151
Nova Scotia Business Inc.	43,023	30,301
Nova Scotia Innovation Corporation	11,580	10,397
Nova Scotia Strategic Opportunities Fund Incorporated	9	10
Renova Scotia Bioenergy Inc.	—	2,364
Trade Centre Limited	16,347	15,990
Waterfront Development Corporation Limited	5,207	4,303
	220,802	187,032
Education and Early Childhood Development		
Department of Education and Early Childhood Development	314,317	299,155
Annapolis Valley Regional School Board	134,005	129,423
Cape Breton Victoria Regional School Board	152,525	146,786
Chignecto-Central Regional School Board	201,893	194,039
Conseil scolaire acadien provincial	63,179	60,388
Halifax Regional School Board	460,719	439,395
Nova Scotia School Boards Association	658	595
Nova Scotia School Insurance Program	5,812	5,176
South Shore Regional School Board	76,387	73,615
Strait Regional School Board	83,345	80,155
Tri-County Regional School Board	71,108	66,532
	1,563,948	1,495,259

Schedule 2

Expenses (continued)
For the fiscal year ended March 31, 2015
($ thousands)

	2015	2014
		(as restated)
Energy		
Department of Energy	31,695	30,311
Nova Scotia Market Development Initiative Fund	1,114	1,033
Pengrowth Nova Scotia Energy Scholarship Fund	89	169
	32,898	31,513
Environment		
Department of Environment	25,859	24,562
Resource Recovery Fund Board Inc.	48,389	47,627
	74,248	72,189
Finance and Treasury Board		
Department of Finance and Treasury Board	12,474	12,400
3052155 Nova Scotia Limited	22	648
	12,496	13,048
Fisheries and Aquaculture		
Department of Fisheries and Aquaculture	9,411	9,015
Nova Scotia Sportfish Habitat Fund	379	383
	9,790	9,398
Health and Wellness		
Department of Health and Wellness	1,961,008	1,946,478
Annapolis Valley District Health Authority	140,038	136,207
Cape Breton District Health Authority	316,844	311,654
Capital District Health Authority	986,028	942,360
Colchester East Hants Health Authority	97,306	91,452
Cumberland Health Authority	67,562	64,802
Gambling Awareness Foundation of Nova Scotia	81	703
Guysborough Antigonish Strait Health Authority	92,369	87,687
Izaak Walton Killam Health Centre	262,376	251,465
Nova Scotia Health Research Foundation	5,799	5,126
Pictou County Health Authority	87,112	85,627
Provincial Drug Distribution Program	96,065	94,330
South Shore District Health Authority	94,522	91,626
South West Nova District Health Authority	106,045	103,973
	4,313,155	4,213,490
Internal Services		
Department of Internal Services	148,942	124,607
Harbourside Commercial Park Inc.	574	745
Nova Scotia Lands Inc.	3,359	1,367
	152,875	126,719
Justice		
Department of Justice	293,603	279,550
Law Reform Commission	302	297
Nova Scotia Legal Aid Commission	28,825	22,830
	322,730	302,677

Schedule 2

Expenses (continued)
For the fiscal year ended March 31, 2015
($ thousands)

	2015	2014 *(as restated)*
Labour and Advanced Education		
Department of Labour and Advanced Education	189,882	204,325
Nova Scotia Community College	209,441	211,941
	399,323	416,266
Assistance to Universities	370,721	336,749
Municipal Affairs		
Department of Municipal Affairs	146,507	180,729
Nova Scotia E911 Cost Recovery Fund	4,804	4,648
Nova Scotia Municipal Finance Corporation	832	844
	152,143	186,221
Natural Resources		
Department of Natural Resources	88,300	84,711
Acadia Coal Company Limited Fund	3	—
Coal Research Agreement Fund	—	300
Crown Land Mine Remediation Fund	30	54
Crown Land Silviculture Fund	2,314	—
Habitat Conservation Fund	216	130
Nova Scotia Primary Forest Products Marketing Board	143	136
Off-Highway Vehicle Infrastructure Fund	1,363	1,320
Species-at-risk Conservation Fund	5	73
Sustainable Forestry Fund	200	—
	92,574	86,724
Public Service		
Public Service	200,976	200,561
Nova Scotia Utility and Review Board	8,319	9,409
Nova Scotia Coordinate Referencing System Trust Fund	—	61
	209,295	210,031
Seniors		
Department of Seniors	1,424	1,813
Transportation and Infrastructure Renewal		
Department of Transportation and Infrastructure Renewal	421,332	393,348
Restructuring Costs	138,683	148,721
Pension Valuation Adjustment	78,370	388,160
Refundable Tax Credits	133,980	101,983

Schedule 2

Expenses (continued)
For the fiscal year ended March 31, 2015
($ thousands)

	2015	2014 *(as restated)*
Debt Servicing Costs		
General Revenue Fund	840,411	826,209
Annapolis Valley District Health Authority	865	802
Annapolis Valley Regional School Board	913	893
Cape Breton District Health Authority	2,194	2,031
Cape Breton Victoria Regional School Board	1,162	1,089
Capital District Health Authority	8,941	8,105
Chignecto-Central Regional School Board	1,572	1,522
Colchester East Hants Health Authority	507	467
Conseil scolaire acadien provincial	423	403
Cumberland Health Authority	399	362
Guysborough Antigonish Strait Health Authority	538	492
Halifax Regional School Board	4,407	4,207
Housing Nova Scotia	16,889	17,963
Izaak Walton Killam Health Centre	2,112	1,936
Nova Scotia Community College	2,204	1,721
Nova Scotia Innovation Corporation	84	81
Nova Scotia Legal Aid Commission	429	408
Nova Scotia Municipal Finance Corporation	158	175
Nova Scotia Strategic Opportunities Fund Incorporated	3,035	3,276
Nova Scotia Utility and Review Board	37	38
Perennia Food and Agriculture Incorporated	33	28
Pictou County Health Authority	502	487
Renova Scotia Bioenergy Inc.	5,000	10,400
Resource Recovery Fund Board Inc.	3	15
Sherbrooke Restoration Commission	47	56
South Shore District Health Authority	615	566
South Shore Regional School Board	396	509
South West Nova District Health Authority	771	740
Strait Regional School Board	667	637
Trade Centre Limited	69	69
Tri-County Regional School Board	469	481
Waterfront Development Corporation Limited	10	21
Waycobah School Assistance Fund	—	6
	895,862	886,195
Total Expenses	10,778,920	10,737,053

Schedule 3

Loans and Investments

As at March 31, 2015

($ thousands)

	Loans and Investments	Provisions	Net 2015	Net 2014
Loans				
Agriculture and Rural Credit Act	181,007	9,914	171,093	168,947
Educational & Services Products (NS) Ltd	15	—	15	15
Education - Student Loans Direct Lending	216,203	112,685	103,518	101,453
Fisheries Development Act	111,507	2,854	108,653	107,837
Halifax-Dartmouth Bridge Commission	160,000	—	160,000	—
Nova Scotia Business Inc.	60,436	26,643	33,793	40,136
Housing Nova Scotia	595,016	3,888	591,128	588,835
Nova Scotia Innovation Corporation	6,948	3,800	3,148	2,100
Nova Scotia Jobs Fund Act	502,942	158,106	344,836	255,781
Nova Scotia Market Development Initiative Fund	2,240	—	2,240	3,360
Nova Scotia Municipal Finance Corporation	809,098	—	809,098	790,252
Nova Scotia Strategic Opportunities Fund Incorporated	45,083	—	45,083	75,791
Resource Recovery Fund Board Inc.	178	—	178	212
Venture Corporations Act	559	559	—	—
Waterfront Development Corporation Limited	17	—	17	23
Total Loans Receivable	2,691,249	318,449	2,372,800	2,134,742
Investments				
Art Gallery of Nova Scotia	2,831	—	2,831	2,831
Capital District Health Authority	59,906	—	59,906	71,418
Gambling Awareness Foundation of Nova Scotia	3,673	—	3,673	3,554
Nova Scotia Business Inc.	49,639	35,647	13,992	29,477
Nova Scotia Community College	7,269	—	7,269	5,701
Nova Scotia Innovation Corporation	33,468	11,886	21,582	16,881
Nova Scotia Jobs Fund Act	30,740	27,741	2,999	7,000
Nova Scotia School Insurance Program	9,166	—	9,166	9,495
Perennia Food and Agriculture Incorporated	1,038	—	1,038	1,343
Public Archives of Nova Scotia	1,038	—	1,038	1,024
Total Investments	198,768	75,274	123,494	148,724

The provisions listed above include $2.7 million (2014 - $5.9 million) for possible guarantee payouts from the Nova Scotia Jobs Fund Act. Also included in the provisions is $8.9 million (2014 - $9.5 million) for the Debt Reduction Assistance Program of the Education Student Loans of which $3.3 million (2014 - $3.5 million) relates to the student loans guaranteed by the Province.

NOVA SCOTIA

Schedule 4

Unmatured Debt

As at March 31, 2015

($ thousands)

	Gross Unmatured Debt	Sinking Funds and Defeasance Assets	Net Unmatured Debt 2015	Net Unmatured Debt 2014
General Revenue Fund	15,925,520	2,675,796	13,249,724	12,792,268
Capital District Health Authority	417	—	417	662
Housing Nova Scotia	176,526	—	176,526	189,623
Nova Scotia Municipal Finance Corporation	7,168	—	7,168	7,959
Nova Scotia Power Finance Corporation	730,490	730,490	—	—
Waterfront Development Corporation Limited	405	—	405	885
Total Unmatured Debt	16,840,526	3,406,286	13,434,240	12,991,397

Gross Unmatured Debt

All debt is presented in Canadian dollar equivalents and after giving effect to currency swap contracts itemized in Note 13.

Gross Unmatured Debt consists of the outstanding current and long-term debt of the Province's governmental units, as well as the unmatured debt of the General Revenue Fund. Current and long-term debt of the government business enterprises is reflected in the Province's Investment in Government Business Enterprises and further detailed in Schedule 6.

Sinking Fund Assets

As at March 31, 2015, the General Revenue Fund held Sinking Funds and Public Debt Management Funds of $2,675.8 million (2014 - $2,531.1 million). These funds were comprised of $2,510.6 million in Sinking Funds and $165.2 million in Public Debt Management Funds. The total market value of both funds was $3,028.1 million at year-end. During the year, contributions were $29.8 million, total earnings were $103.9 million, and there were no redemptions.

Sinking fund assets are recorded at cost, which include premiums and discounts associated with the purchase of these investments. These premiums and discounts are amortized on a straight-line basis over the term of the related investment. The net unamortized portion of the premiums and discounts as at March 31, 2015 was $46.3 million (2014 - $39.2 million) and is included as part of the value of the sinking funds.

Schedule 4

Unmatured Debt (continued)

As at March 31, 2015

($ thousands)

Sinking fund assets consist primarily of debentures of the provincial governments and Government of Canada with fixed interest rates ranging from 2.1 to 9.6 per cent. Sinking fund payments normally commence on the first anniversary date of the issue of the debenture and are designed to retire the debt over the relevant period to maturity. The Province held a carrying value of $559.2 million (2014 - $559.2 million) of its own debentures in Sinking Funds and Public Debt Management Funds as active investments at March 31, 2015.

As per the Nova Scotia Power Corporation Privatization Agreement, Nova Scotia Power Finance Corporation provides for defeasance of its debt. The portfolio of defeasance assets consists of Nova Scotia Power Corporation, other provincial governments and utilities, Federal US bonds, coupons or residuals. This debt is shown net of defeasance assets on the Consolidated Statement of Financial Position.

Debt Repayments

Projected net principal repayments, capital lease payments, and sinking fund requirements for the next five years and thereafter are as follows:

	Net Principal Repayments	Capital Lease Payments	Sinking Fund Payments	Total Payments
2016	1,013,207	30,318	26,309	1,069,834
2017	1,041,199	32,492	26,309	1,100,000
2018	446,161	34,748	26,309	507,218
2019	1,242,924	34,028	24,048	1,301,000
2020	1,957,619	27,110	17,899	2,002,628
2021 and thereafter	7,388,800	36,844	27,916	7,453,560
	13,089,910	195,540	148,790	13,434,240

Net principal repayments are comprised of the principal amounts due on loans and debentures less available designated sinking funds to retire the debentures.

In addition, the Province has approximately $856.2 million (2014 - $827.2 million) in unrestricted sinking funds that can be used towards the retirement of any unmatured debt. The use of these funds is evaluated each year based on a detailed analysis of cash requirements and market conditions.

Schedule 5

Gross Unmatured Debt
As at March 31, 2015
($ thousands)

	Foreign Exchange Rate	CDN $ Amount	Maturity Dates	Interest Rates
Debentures				
General Revenue Fund				
General Revenue Fund (CDN$)		15,636,730	2015 to 2062	1.60% to 11.75%
General Revenue Fund (US$)	0.7885	—	2015 to 2022	2.38% to 9.50%
General Revenue Fund (UK£)	0.5310	—	2019	11.75%
Nova Scotia Municipal Finance Corporation		7,168	2015 to 2032	1.00% to 2.62%
Nova Scotia Power Finance Corporation (CDN$)		350,000	2020 to 2031	10.25% to 11.00%
Nova Scotia Power Finance Corporation (US$)	0.7885	380,490	2021	9.40%
Total Debentures		16,374,388		
Loans				
General Revenue Fund - Other Debt		93,667	2015 to 2019	0.72% to 3.36%
Housing Nova Scotia		176,526	2015 to 2035	1.53% to 10.50%
Waterfront Development Corporation Limited		405	Demand loan	—
Total Loans		270,598		
Capital Leases				
General Revenue Fund		195,123	2018 to 2026	6.04% to 7.25%
Capital District Health Authority		417	2016 to 2017	6.19% to 6.29%
Total Capital Leases		195,540		
Gross Unmatured Debt		16,840,526		

Call, Redemption and Other Features

General Revenue Fund

Canadian debentures include $1,079.4 million in Canada Pension Plan (CPP) debentures, which are redeemable in whole or in part before maturity, on six months notice, at the option of the Minister of Finance of Canada.

The interest rates shown for the Canadian and US debentures reflect the fixed interest rates only. There are debentures that have floating interest rates. Floating interest rates are adjusted on a quarterly basis.

Housing Nova Scotia

Mortgages and notes payable are secured by investments in social housing.

Schedule 6

Government Business Enterprises
As at March 31, 2015
($ thousands)

	2015						2014
	Halifax-Dartmouth Bridge Commission	Highway 104 Western Alignment Corporation	Nova Scotia Liquor Corporation	Nova Scotia Provincial Lotteries and Casino Corporation	QEII Health Sciences Centre Auxiliary	Total	Total
Cash	13,632	727	16,815	20,884	2,156	54,214	46,596
Accounts Receivable	1,562	771	2,031	39,613	383	44,360	37,106
Inventory	—	11	47,635	1,979	328	49,953	50,286
Investments	139,846	44,694	—	1	—	184,541	50,215
Tangible Capital Assets	124,136	32,913	44,150	89,157	1,352	291,708	276,992
Other Assets	183	498	4,242	11,457	3	16,383	19,941
Total Assets	279,359	79,614	114,873	163,091	4,222	641,159	481,136
Accounts Payable	7,556	5,782	41,118	108,463	3,715	166,634	152,710
Unmatured Debt	181,551	41,598	—	38,126	—	261,275	131,332
Other Liabilities	6,242	6,382	31,519	10,344	176	54,663	55,654
Total Liabilities	195,349	53,762	72,637	156,933	3,891	482,572	339,696
Equity	84,010	25,852	42,236	6,158	331	158,587	141,440
Total Liabilities and Equity	279,359	79,614	114,873	163,091	4,222	641,159	481,136
Total Revenue	31,886	22,390	595,943	400,991	9,048	1,060,258	1,069,157
Debt Servicing	1,716	4,381	1,155	1,079	—	8,331	12,254
Other Expenses	21,137	13,895	366,802	289,879	8,819	700,532	705,646
Total Expenses	22,853	18,276	367,957	290,958	8,819	708,863	717,900
Net Income	9,033	4,114	227,986	110,033	229	351,395	351,257

Schedule 6

Government Business Enterprises (continued)
As at March 31, 2015

Halifax-Dartmouth Bridge Commission

The Halifax-Dartmouth Bridge Commission (HDBC), operating as Halifax Harbour Bridges, was created in 1950 by a special statute of the Province of Nova Scotia (now the *Halifax-Dartmouth Bridge Commission Act*). The purpose of HDBC is to construct, maintain, and operate bridges and their necessary approaches across the Halifax Harbour, between the communities of Halifax and Dartmouth, and across the North West Arm.

HDBC currently operates and maintains two toll bridges across the Halifax Harbour: the Angus L. Macdonald Bridge and the A. Murray MacKay Bridge. In accordance with the *Halifax-Dartmouth Bridge Commission Act*, the Nova Scotia Utility and Review Board, a provincially controlled public sector entity, sets the rates, tolls, and charges to be paid for the use of the two bridges operated by HDBC.

Beginning in the spring of 2015, HDBC embarked on a significant and necessary project known as "The Big Lift". This involves replacing the road deck, floor beams, stiffening trusses, and suspender ropes on the suspended spans of the Angus L. Macdonald Bridge. When the project is complete, a significant amount of the bridge infrastructure will be new. This will help to extend the life of the bridge and reduce future maintenance.

Long-Term Loan Agreements with the Province

2007 Loan Agreement — On July 25, 2007, HDBC entered into a long-term unsecured loan agreement with the Province for $60.0 million with a final maturity date of December 4, 2019. This agreement requires annual principal repayments of $3.0 million plus interest, with a final principal repayment of $27.0 million along with all accrued and unpaid interest thereon due on the final maturity date. At March 31, 2015, HDBC had a balance of $21.6 million (2014 - $42.0 million) repayable on the loan, of which $3.0 million is due within a year. HDBC made a $17.4 million prepayment of the principal on October 22, 2014, which was applied against the final payment on maturity due in 2019.

Interest is payable semi-annually on June 4th and December 4th of each year. The average interest rate over the life of the loan is 5.19 per cent. Interest expense on the long-term debt for the current year was $1.7 million (2014 - $2.3 million), of which $356.0 thousand (2014 - $694.0 thousand) was payable at year-end.

2015 Loan Agreement — On February 6, 2015, HDBC entered into a long-term unsecured loan agreement with the Province for $160.0 million in relation to the capital project to replace the suspended span of the Angus L. Macdonald Bridge. This loan is to be repaid over twenty years starting June 1, 2019 with annual principal repayments of between $4.0 million and $10.0 million. Interest is paid semi-annually on June 1st and December 1st of each year. The average interest rate over the life of the loan is 2.80 per cent. Capitalized interest on the loan for the current year was $636.0 thousand (2014 - $nil), of which $636.0 thousand (2014 - $nil) was payable at year-end.

Restricted Reserve Funds

The 2007 and 2015 Loan Agreements require that HDBC maintain three reserve funds: an Operating, Maintenance & Administrative Fund (OM Fund), Debt Service Fund, and Capital Fund. At year-end, restricted assets for these funds totaled $6.5 million (2014 - $15.9 million) and were invested in GICs with rates between 1.00 and 1.05 per cent as well as various bankers' acceptances with rates between 0.84 and 1.20 per cent. Interest income on restricted assets for the year totaled $201.0 thousand (2014 - $263.0 thousand).

Schedule 6

Government Business Enterprises (continued)
As at March 31, 2015

Halifax-Dartmouth Bridge Commission (continued)

Big Lift Fund
The Big Lift Fund consists of proceeds from the 2015 Loan not yet expended on the Macdonald Bridge suspended span replacement. Under the terms of the loan agreement, these amounts have been invested in term promissory notes issued by the Province of Nova Scotia. The promissory notes mature monthly, through September 2017, in various amounts to enable HDBC to make payments to third parties within the following 30 days in respect of capital improvements to the Macdonald Bridge.

Line of Credit Agreement with the Province
On June 30, 2008, HDBC entered into an agreement with the Province for a $60.0 million revolving, unsecured line of credit. During the year, HDBC drew and repaid $16.2 million on this facility. At year-end, HDBC had no advances outstanding against this line of credit (2014 – $nil) and no accrued interest for the year (2014 – $nil).

Highway 104 Western Alignment Corporation

The Highway 104 Western Alignment Corporation (H104) was established for the purpose of financing, designing, constructing, operating, and maintaining a 45 km stretch of highway (referred to as the Cobequid Pass) between Masstown and Thomson Station in the counties of Colchester and Cumberland, Nova Scotia. The *Highway 104 Western Alignment Corporation Act*, which authorizes the collection of tolls, states that toll collection will cease upon complete payment of all costs and liabilities relating to H104. The forecasted repayment date of all costs and liabilities relating to H104 is in 2019.

Related Party Transactions
At March 31, 2015, H104 had a receivable from the Province in the amount of $600.3 thousand (2014 – $637.3 thousand). Government grants are recognized initially as deferred income at fair value when there is reasonable assurance that they will be received and H104 will comply with the conditions associated with them. Grants to cover expenses incurred are recognized in profit or loss on a systematic basis in the same periods in which the expenses are recognized. Grants to cover the cost of an asset are deferred and amortized to operations over the expected project life or useful life of the asset using the straight-line method.

Transactions with various Crown corporations, ministries, agencies, boards, and commissions related to H104 by virtue of common control by the Province are included in the financial statements of H104 and are routine operating transactions carried out as part of H104's normal day-to-day operations. These transactions are individually insignificant, and collectively, they increase enforcement costs by $60.0 thousand (2014 – $60.0 thousand), maintenance services by $1.2 million (2014 – $1.2 million), inventory by $21.7 thousand (2014 – $25.8 thousand), and property, plant and equipment by $286.7 thousand (2014 – $254.0 thousand).

Omnibus Agreement
The Omnibus Agreement, dated April 1, 1996, is an agreement between H104, the Contractor, the Operator, and the Province to design, finance, construct, operate and maintain the Highway 104 Western Alignment. Under this agreement, the Province retains ownership of the highway. However, H104 is granted the right to operate the highway and collect tolls for a 30-year period, after which time the right will revert to the Province. Overall, the Province has contributed $27.5 million to this project.

Schedule 6

Government Business Enterprises (continued)
As at March 31, 2015

Highway 104 Western Alignment Corporation (continued)

The capital, major maintenance, and debt service restricted reserve accounts, which have been established in accordance with the Omnibus Agreement, totaled $44.7 million (2014 - $34.3 million) at year-end. They are comprised of investments that are recorded at fair value and include accrued interest of $21.1 thousand (2014 - $67.8 thousand), have a weighted average term of 5.6 (2014 - 6.9) months to maturity, and a weighted average interest rate of 0.92 per cent (2014 - 1.16 per cent).

Annual Roadway Maintenance Agreement
The annual roadway maintenance agreement is a 30-year agreement between H104 and the Department of Transportation and Infrastructure Renewal for the provision of annual roadway maintenance services and is renewable in five year increments. The annual fee was $1.2 million for the current fiscal year (2014 - $1.2 million). During the year, H104 incurred management fees of $251.9 thousand (2014 - $226.8 thousand) from the Province.

Long-Term Debt
Long-term debt is comprised of senior toll revenue bonds bearing interest of 10.25 per cent per year, compounded semi-annually, and maturing March 31, 2026. The bonds are payable in equal installments of interest and principal. At year-end, H104 had $39.4 million (2014 - $41.6 million) of long-term debt and $2.2 million (2014 - $2.0 million) of debt maturing within one year. Interest expense on the long-term debt was $4.4 million (2014 - $7.5 million) for the year.

Minimum principal repayments for the next five years are as follows:
2016 - $2.2 million, 2017 - $2.4 million, 2018 - $2.7 million, 2019 - $3.0 million, 2020 - $3.3 million.

As security, H104 has provided an assignment of all the present and future property and assets, including but not limited to, cash and securities held in trust, rights under all material contracts, and all accounts receivable and interest.

Nova Scotia Liquor Corporation

The Nova Scotia Liquor Corporation (NSLC) derives its mandate from the *Liquor Control Act*, Chapter 260 of the Revised Statutes of Nova Scotia, 1989. NSLC was created June 1, 2001, by Chapter 4 of the *Government Restructuring (2001) Act*, via continuance of the Nova Scotia Liquor Commission as a body corporate. NSLC operates retail sales locations across the province.

Obligations under Finance Lease
At year-end, NSLC had long-term obligations under finance lease of $nil (2014 - $1.0 thousand) and current obligations under finance lease of $nil (2014 - $19.0 thousand). Interest expense on the finance lease obligations was $nil (2014 - $2.0 thousand) for the year.

Related Party Transactions
In 2015, remittances to the Minister of Finance and Treasury Board totaled $228.0 million (2014 - $226.0 million). All other transactions with the Province are deemed to be collectively insignificant to NSLC's financial statements.

Upon conversion to International Financial Reporting Standards (IFRS) in 2012, NSLC reclassified its payable to the Minister of Finance and Treasury Board from a liability to equity. NSLC's equity was $42.2 million (2014 - $44.4 million) at year-end. NSLC's main objectives for managing capital are to ensure sufficient liquidity in support of its financial obligations to achieve its business plans and to continue as a self-sufficient entity in order to provide continuous remittances to the Province.

Schedule 6

Government Business Enterprises (continued)
As at March 31, 2015

Nova Scotia Provincial Lotteries and Casino Corporation

The Nova Scotia Gaming Corporation (NSGC) was incorporated on February 15, 1995 by Chapter 4 of the Acts of 1994-95, the *Gaming Control Act*. The *Gaming Control Act* was amended on November 13, 2012, whereby the name of NSGC was changed to Nova Scotia Provincial Lotteries and Casino Corporation (NSPLCC). The principal activities of NSPLCC are to develop, undertake, organize, conduct, and manage casinos and other lottery business on behalf of the Province of Nova Scotia. Revenues of NSPLCC are derived from two casinos, located in Halifax and Sydney, as well as ticket and video lottery sales.

Payable to the Province
NSPLCC had a payable to the Province in the amount of $91.8 million (2014 - $84.8 million) at year-end. In addition to the net income of $110.0 million (2014 - $109.0 million), NSPLCC is required to pay to the Province 20.0 per cent of casino gaming revenue, otherwise known as win tax. This amounted to $13.5 million in the current year (2014 - $14.3 million).

Capital Lease Arrangements
NSPLCC had long-term commitments for minimum lease payments relating to non-cancellable capital leases of $0.2 million (2014 - $0.3 million) and current portion of long-term leases of $0.1 million (2014 - $0.3 million). Interest expense related to software under capital lease was $13.0 thousand (2014 - $36.0 thousand) for the year.

The aggregate payment of long-term leases payable for the next five years are as follows:
2016 - $0.1 million, 2017 - $0.1 million, 2018 - $33.0 thousand, 2019 - $nil, 2020 - $nil.

Special Payments to Government Departments
NSPLCC is obligated to make direct payments annually to three provincial government departments: Department of Communities, Culture and Heritage (in support of the Cultural Federation of Nova Scotia), Department of Agriculture (in support of the Exhibition Association of Nova Scotia), and Department of Health and Wellness (in support of Sport Nova Scotia). In 2015, these payments totaled $0.2 million (2014 - $0.2 million).

As part of its 2005 and 2011 Gaming Strategies, the Province approved contributions of $3.0 million to the Department of Health and Wellness in 2015 (2014 - $3.0 million) to fund problem gambling treatment and $0.5 million (2014 - $nil) to fund youth gambling prevention.

Gambling Awareness Foundation Contribution
Video Lottery (VL) retailers in Nova Scotia have agreed, under the terms of their agreements with Atlantic Lottery Corporation Inc., to contribute one per cent of their VL commission to the Gambling Awareness Foundation of Nova Scotia. NSPLCC has agreed to contribute an amount equal to all contributions made by the VL retailers. At March 31, 2015, NSPLCC had a payable to the Gambling Awareness Foundation in the amount of $40.0 thousand (2014 - $35.0 thousand).

Harness Racing Fund Contribution
NSPLCC annually contributes to the Nova Scotia Harness Racing Fund, pursuant to the Nova Scotia Harness Racing Fund Regulations. These contributions go towards supporting the harness racing industry in Nova Scotia. In 2015, the contribution was $1.0 million (2014 - $1.0 million).

Schedule 6

Government Business Enterprises (continued)
As at March 31, 2015

Nova Scotia Provincial Lotteries and Casino Corporation (continued)

Due to Atlantic Gaming Equipment
At March 31, 2015, the amount due to Atlantic Gaming Equipment Limited was $38.1 million (2014 – $45.8 million), of which $8.1 million (2014 – $9.2 million) was classified as current. This liability represents a portion of Atlantic Lottery Corporation Inc.'s (ALC) debt used in the acquisition of property, plant and equipment operated on behalf of NSPLCC. All amounts are payable by ALC and are due on or before December 2019.

The debt is based on variable interest rates ranging from 1.61 to 2.58 per cent. The aggregate maturity of long-term debt for the next five years is approximately as follows: 2016 – $27.3 million, 2017 – $4.7 million, 2018 – $4.8 million, 2019 – $4.9 million, 2020 – $3.8 million. Included in interest expense is $1.1 million (2014 – $1.1 million) relating to long-term debt.

Safe Gaming System Inc.
NSPLCC has been made aware of a statement of claim filed by Safe Gaming System Inc. alleging a patent infringement related to its responsible gaming device known as the My-Play System. The claim is at an early stage and is being contested by NSPLCC. Since the outcome is undeterminable at this time, no amounts have been accrued in NSPLCC's financial statements.

Disputed HST Assessments
Included in accounts receivable at March 31, 2015 is $38.2 million (2014 – $31.6 million) that was paid to Canada Revenue Agency, on a without prejudice basis, for an assessment of HST in respect to the operation of certain video lottery terminals. NSPLCC is contesting this matter and since the outcome is undeterminable at this time, no amounts related to this contingency have been recorded in NSPLCC's financial statements.

Queen Elizabeth II Health Sciences Centre Auxiliary

The Queen Elizabeth II Health Sciences Centre Auxiliary, operating as Partners for Care, is a volunteer based non-profit, charitable organization. The primary objective of Partners for Care is to generate revenue for Capital District Health Authority (CDHA) through parking and retail services, rental activities, and other special projects that generally take place within the hospital premises. Partners for Care was identified and consolidated as a government business enterprise by CDHA.

Payable to Capital District Health Authority
At March 31, 2015, Partners for Care had a payable to CDHA in the amount of $3.0 million (2014 – $4.0 million).

Transfers to Capital District Health Authority
Transfers to CDHA totaled $4.8 million in 2015 (2013 – $4.8 million).

Schedule 7

Tangible Capital Assets

As at March 31, 2015

($ thousands)

	2015						2014 *(as restated)*
	Land	Buildings and Land Improvements	Machinery, Computers and Equipment	Vehicles and Ferries	Roads, Bridges and Highways	Total	Total
Costs							
Opening Costs	965,999	4,805,461	1,492,425	164,798	2,622,000	10,050,683	9,522,617
Transfers	—	(255)	425	—	(41)	129	(257)
Additions	18,814	176,090	105,836	23,890	217,607	542,237	546,050
Disposals	(372)	(8,461)	(17,589)	(7,499)	—	(33,921)	(17,727)
Closing Costs	984,441	4,972,835	1,581,097	181,189	2,839,566	10,559,128	10,050,683
Accumulated Amortization							
Opening Accumulated Amortization	—	(2,066,467)	(1,110,714)	(101,371)	(1,208,230)	(4,486,782)	(4,104,546)
Transfers	—	(127)	—	—	—	(127)	57
Disposals	—	4,259	13,421	7,344	—	25,024	15,463
Amortization Expense	—	(150,546)	(90,911)	(13,114)	(156,066)	(410,637)	(397,756)
Closing Accumulated Amortization	—	(2,212,881)	(1,188,204)	(107,141)	(1,364,296)	(4,872,522)	(4,486,782)
Net Book Value	984,441	2,759,954	392,893	74,048	1,475,270	5,686,606	5,563,901
Opening Balance	965,999	2,738,994	381,711	63,427	1,413,770	5,563,901	5,418,071
Closing Balance	984,441	2,759,954	392,893	74,048	1,475,270	5,686,606	5,563,901
Increase in Net Book Value	18,442	20,960	11,182	10,621	61,500	122,705	145,830

Schedule 7

Tangible Capital Assets (continued)
As at March 31, 2015

Amortization is calculated on a declining balance basis for most assets of the General Revenue Fund. The amortization percentages of the more common tangible capital assets are as follows:

Buildings and Land Improvements	5 - 30 per cent
Machinery, Computers and Equipment	15 - 50 per cent
Vehicles and Ferries	15 - 35 per cent
Roads, Bridges and Highways	5 - 15 per cent

Capital leases of the General Revenue Fund are amortized on a straight-line basis over the length of each lease, ranging from 3 to 25 years.

Amortization is generally calculated on a straight-line basis for assets of the governmental units. The estimated useful lives of the more common tangible capital assets are as follows:

Buildings (including Leasehold Improvements) and Land Improvements	3 - 60 years
Machinery, Computers and Equipment	2 - 60 years
Vehicles and Ferries	3 - 7 years

Capital leases of the governmental units are amortized on a straight-line basis over the length of each lease, ranging from 5 to 45 years.

Social Housing assets are included in Buildings and Land Improvements and relate to Housing Nova Scotia. These assets are amortized using the straight-line method. The net book value of these assets is $313.1 million (2014 - $327.3 million).

Included in the closing costs of the various classes as at March 31, 2015 are costs for assets under construction, which have not yet been amortized. These costs relate to buildings and land improvements of $95.8 million, machinery, computers and equipment of $44.3 million, vehicles and ferries of $28.4 million, and roads, bridges and highways of $128.4 million.

Capital leases are included in the various classes as at March 31, 2015 as follows: buildings and land improvements – cost of $452.6 million, accumulated amortization of $328.1 million; machinery, computers and equipment – cost of $41.5 million, accumulated amortization of $40.8 million; and vehicles and ferries – cost of $22.7 million, accumulated amortization of $13.4 million.

Schedule 8

Direct Guarantees
As at March 31, 2015
($ thousands)

	Authorized 2015	Utilized 2015	Utilized 2014
Bank Loans			
Department of Labour and Advanced Education Student Loan Program	3,533	3,533	6,148
Nova Scotia Business Inc.	1,500	625	—
Nova Scotia Jobs Fund Act	88,800	52,907	55,499
Total Bank Loan Guarantees	93,833	57,065	61,647
Mortgages			
Housing Nova Scotia Act	7,983	7,983	8,394
Housing Nova Scotia Act - CMHC Indemnities	58,959	58,959	68,561
Provincial Finance Act	3	3	3
Total Mortgage Guarantees	66,945	66,945	76,958
Total Direct Guarantees	160,778	124,010	138,605
Less: Provision for Guarantee Payout			
Department of Labour and Advanced Education Student Loan Program		(102)	(771)
Housing Nova Scotia Act		(5,682)	(5,695)
Nova Scotia Business Inc.		(149)	—
Nova Scotia Jobs Fund Act		(2,675)	(5,906)
		(8,608)	(12,372)
Less: Provision for Student Debt Reduction Program			
Department of Labour and Advanced Education Student Loan Program		(3,300)	(3,548)
Net Direct Guarantees		112,102	122,685

(Not provided for in these Consolidated Financial Statements)

Schedule 9

Segment Reporting

For the fiscal year ended March 31, 2015

Segment reporting is designed to assist users in identifying the resources allocated to support the major activities of government and to better understand the performance of segments.

The following schedules provide segment information for the 2015 and 2014 fiscal years. Segment results represent the activities of that segment and include any inter-segment transactions. Inter-segment eliminations are shown in a separate column and show the reconciliation to total consolidated amounts. The Province has determined that the following segments represent the major activities of government.

Health

The provision of such services and institutions to the public that will lead to a higher state of personal health.

Education

The provision of all aspects and phases of training to equip people with necessary skills to pursue productive lives. This includes: Primary to Grade 12, post-secondary and advanced education, as well as labour support.

Infrastructure & Public Works

The provision of the means to facilitate the effective and efficient movement of persons and property. This includes the net results of the Halifax-Dartmouth Bridge Commission and the Highway 104 Western Alignment Corporation.

Social Services

The provision of services and assistance to economically and/or socially disadvantaged persons requiring aid.

Natural Resources & Economic Development

The provision for the maintenance and upkeep, efficient extraction, processing, and utilization of the natural attributes of the province with the aim of creating employment and contributing to the material well-being of residents.

Other Government

Revenues and expenses that relate to activities that are not identified as a separate segment or cannot be directly allocated on a reasonable basis to individual segments because they support a wide range of service delivery activities. This includes certain items from the General Revenue Fund such as general tax revenues, sinking fund earnings, debt servicing costs, and the pension valuation adjustment.

Schedule 9

Segment Reporting

For the fiscal year ended March 31, 2015

($ thousands)

	Health		Education		Infrastructure & Public Works		Social Services	
	2015	2014 *(as restated)*	2015	2014 *(as restated)*	2015	2014 *(as restated)*	2015	2014 *(as restated)*
Revenue								
Provincial Sources								
Tax Revenue	206,255	217,229	–	–	248,274	246,800	–	–
Other Provincial Revenue	446,206	437,203	447,510	437,409	21,812	13,928	112,024	105,270
Net Income from GBEs	229	95	–	–	13,147	13,925	–	–
Investment Income	6,426	2,266	8,345	5,467	–	–	26,993	27,122
Federal Sources	907,661	893,858	263,773	278,511	23,807	23,794	275,005	265,196
Total Revenue	1,566,777	1,550,651	719,628	721,387	307,040	298,447	414,022	397,588
Expenses								
Grants and Subsidies	1,766,935	1,705,690	595,930	589,837	235	405	767,008	741,544
Salaries and Employee Benefits	1,717,055	1,675,876	1,331,693	1,260,317	122,080	117,599	172,510	163,332
Operating Goods and Services	773,666	762,190	331,695	330,089	102,159	88,029	121,680	112,371
Professional Services	84,609	85,401	24,203	30,415	15,815	12,268	3,556	3,477
Amortization	101,986	97,063	82,988	78,873	181,416	176,257	21,476	20,500
Debt Servicing Costs	18,386	17,014	12,213	11,463	–	–	42,727	43,833
Other	–	–	–	–	–	–	–	–
Total Expenses	4,462,637	4,343,234	2,378,722	2,300,994	421,705	394,558	1,128,957	1,085,057
Segment Result	(2,895,860)	(2,792,583)	(1,659,094)	(1,579,607)	(114,665)	(96,111)	(714,935)	(687,469)

Schedule 9

Segment Reporting

For the fiscal year ended March 31, 2015

($ thousands)

	Natural Resources & Economic Development		Other Government		Inter-Segment Eliminations		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue		*(as restated)*		*(as restated)*		*(as restated)*		*(as restated)*
Provincial Sources								
Tax Revenue	331	334	4,788,078	4,327,424	—	—	5,242,938	4,791,787
Other Provincial Revenue	191,409	29,588	388,234	418,125	(143,894)	(118,544)	1,463,301	1,322,979
Net Income from GBEs	—	—	338,019	337,237	—	—	351,395	351,257
Investment Income	7,170	14,672	181,919	185,787	(33,183)	(33,190)	197,670	202,124
Federal Sources	87,430	103,397	1,822,247	1,827,299	—	—	3,379,923	3,392,055
Total Revenue	286,340	147,991	7,518,497	7,095,872	(177,077)	(151,734)	10,635,227	10,060,202
Expenses								
Grants and Subsidies	182,061	151,302	380,286	371,204	(58,540)	(45,997)	3,633,915	3,513,985
Salaries and Employee Benefits	139,772	135,309	439,866	760,909	(45,284)	(39,314)	3,877,692	4,074,028
Operating Goods and Services	167,912	148,984	164,628	136,134	(5,071)	(5,197)	1,656,669	1,572,600
Professional Services	17,493	16,106	156,169	141,812	(699)	(599)	301,146	288,880
Amortization	6,374	6,407	16,397	18,656	—	—	410,637	397,756
Debt Servicing Costs	10,695	16,468	874,500	857,995	(62,659)	(60,578)	895,862	886,195
Other	7,823	3,658	—	—	(4,824)	(49)	2,999	3,609
Total Expenses	532,130	478,234	2,031,846	2,286,710	(177,077)	(151,734)	10,778,920	10,737,053
Segment Result	(245,790)	(330,243)	5,486,651	4,809,162	—	—	(143,693)	(676,851)

Schedule 10

Government Reporting Entity
As at March 31, 2015

The General Revenue Fund is comprised of the Province's departments and public service units, special operating agencies, and special purpose funds, which are consolidated with the governmental units, government business enterprises, and a proportionate share of government partnership arrangements to form the Province's government reporting entity.

Departments and Public Service Units
(Consolidation Method)

- Agriculture
- Communities, Culture and Heritage
- Community Services
- Economic and Rural Development and Tourism
  - Invest Nova Scotia Fund
  - Nova Scotia Jobs Fund
- Education and Early Childhood Development
- Energy
- Environment
- Finance and Treasury Board
  - Muggah Creek Remediation Fund
  - Public Debt Management Fund
  - SYSCO Decommissioning Fund
- Fisheries and Aquaculture
- Health and Wellness
- Internal Services
- Justice
- Labour and Advanced Education
- Municipal Affairs
- Natural Resources
- Public Service
  - Aboriginal Affairs
  - Communications Nova Scotia
  - Elections Nova Scotia
  - Executive Council
  - FOIPOP Review Office
  - Government Contributions to Benefit Plans
  - Human Rights Commission
  - Intergovernmental Affairs
  - Legislative Services
  - Nova Scotia Police Complaints Commissioner
  - Nova Scotia Securities Commission
  - Office of Immigration
  - Office of Service Nova Scotia
  - Office of the Auditor General
  - Office of the Ombudsman
  - Public Prosecution Service
  - Public Service Commission
- Seniors
- Transportation and Infrastructure Renewal

Special Operating Agencies
(Consolidation Method)

- Nova Scotia Apprenticeship Agency
- Nova Scotia Tourism Agency
- Sydney Tar Ponds Agency

Special Purpose Funds
(Consolidation Method)

- Acadia Coal Company Limited Fund
- CorFor Capital Repairs and Replacements Fund
- Crown Land Mine Remediation Fund
- Crown Land Silviculture Fund
- Democracy 250 (inactive)
- Gaming Addiction Treatment Trust Fund
- Habitat Conservation Fund
- Nova Scotia Coordinate Referencing System Trust Fund
- Nova Scotia E911 Cost Recovery Fund
- Nova Scotia Environmental Trust
- Nova Scotia Government Acadian Bursary Program Fund
- Nova Scotia Harness Racing Fund
- Nova Scotia Market Development Initiative Fund
- Nova Scotia Nominee Program Fund
- Nova Scotia Sportfish Habitat Fund
- Off-Highway Vehicle Infrastructure Fund
- P3 Schools Capital and Technology Refresh Fund *(1)*
- Pengrowth Nova Scotia Energy Scholarship Fund
- Scotia Learning Technology Refresh Fund
- Select Nova Scotia Fund
- Species-at-risk Conservation Fund
- Sustainable Forestry Fund
- Vive l'Acadie Community Fund

Governmental Units
(Consolidation Method)

- Annapolis Valley District Health Authority
- Annapolis Valley Regional School Board
- Art Gallery of Nova Scotia
- Arts Nova Scotia
- Bioscience Enterprise Centre Incorporated (inactive)
- Cape Breton District Health Authority
- Cape Breton Victoria Regional School Board
- Capital District Health Authority

Schedule 10

Government Reporting Entity (continued)

As at March 31, 2015

Governmental Units (continued)
(Consolidation Method)

- Check Inns Limited (inactive)
- Chignecto-Central Regional School Board
- Colchester East Hants Health Authority
- Conseil scolaire acadien provincial
- Creative Nova Scotia Leadership Council
- Cumberland Health Authority
- Film and Creative Industries Nova Scotia
- Gambling Awareness Foundation of Nova Scotia
- Guysborough Antigonish Strait Health Authority
- Halifax Regional School Board
- Harbourside Commercial Park Inc.
    - Sydney Utilities Limited
- Housing Nova Scotia
    - Cape Breton Island Housing Authority
    - Cobequid Housing Authority
    - Eastern Mainland Housing Authority
    - Metropolitan Regional Housing Authority
    - Western Regional Housing Authority
- Invest Nova Scotia Board
- Izaak Walton Killam Health Centre
- Law Reform Commission
- Nova Scotia Arts Council (inactive)
- Nova Scotia Business Inc.
- Nova Scotia Community College
    - Nova Scotia Community College Foundation
- Nova Scotia Crop and Livestock Insurance Commission
- Nova Scotia Farm Loan Board
- Nova Scotia Fisheries and Aquaculture Loan Board
- Nova Scotia Health Research Foundation
- Nova Scotia Innovation Corporation
    - 1402998 Nova Scotia Limited
    - 3087532 Nova Scotia Limited
- Nova Scotia Lands Inc.
- Nova Scotia Legal Aid Commission
- Nova Scotia Municipal Finance Corporation
- Nova Scotia Power Finance Corporation
- Nova Scotia Primary Forest Products Marketing Board
- Nova Scotia School Boards Association *(2)*
- Nova Scotia School Insurance Exchange *(3)*
- Nova Scotia School Insurance Program Association *(3)*
- Nova Scotia Strategic Opportunities Fund Incorporated
- Nova Scotia Utility and Review Board
- Perennia Food and Agriculture Incorporated
- Pictou County Health Authority
- Provincial Drug Distribution Program
- Public Archives of Nova Scotia
- Renova Scotia Bioenergy Inc.
- Resource Recovery Fund Board Inc.
- Rockingham Terminal Incorporated (inactive)
- Schooner Bluenose Foundation
- Sherbrooke Restoration Commission
- South Shore District Health Authority
- South Shore Regional School Board
- South West Nova District Health Authority
- Strait Regional School Board
- Sydney Environmental Resources Limited (inactive)
- Sydney Steel Corporation
- Trade Centre Limited
- Tri-County Regional School Board
- Upper Clements Family Theme Park Limited (inactive)
- Waterfront Development Corporation Limited
    - 3104102 Nova Scotia Limited
- 3052155 Nova Scotia Limited

Government Business Enterprises
(Modified Equity Method)

- Halifax-Dartmouth Bridge Commission
- Highway 104 Western Alignment Corporation
- Nova Scotia Liquor Corporation
- Nova Scotia Provincial Lotteries and Casino Corporation
    - Atlantic Lottery Corporation (25% ownership)
    - Interprovincial Lottery Corporation (10% ownership)
    - Nova Scotia Gaming Equipment Limited
- Queen Elizabeth II Health Sciences Centre Auxiliary

Government Partnership Arrangements
(Proportionate Consolidation Method)

- Atlantic Provinces Special Education Authority (approximately 55% share)
- Canada-Nova Scotia Offshore Petroleum Board (50% share)
- Canadian Sports Centre Atlantic (approximately 14% share)
- Council of Atlantic Premiers (approximately 46% share)

(1) - Includes all refresh funds related to P3 schools.
(2) - Entity is a partnership controlled by the eight school boards.
(3) - Entity is a partnership controlled by the eight school boards and the Nova Scotia Community College.